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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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WASHINGTON . . . GRADUATE SCHOOL OF BANKING NEWS . . . THE NEW WAR TIME



A \$300,000 LETTER

A well-known manufacturer was enraged at a routine action on the part of his bank. He told his treasurer to close the account.

Just then, in came a letter from one of the bank's officers on another matter: not a long letter...not complex or brilliant...but so sincere and reasonable that after reading it twice the manufacturer rubbed his chin and said to himself: "Well, they seem like pretty decent people." He decided to have a talk with this officer about the matter that had irritated him...and he phoned the treasurer to let the account stand.

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

On the basis of a study of bank correspondence with customers and prospects, we have just published "Better Bank Letters," a sixteen-page booklet which will be sent to any banker, without cost or obligation; it is full of practical suggestions, based on actual experience, for improving the letters that go out of your bank.

It is simply another expression of our basic interest in helping banks improve their relations with the public—an end toward which Todd checks, letterheads, payroll systems, checkwriting and check signing machines are constantly working.

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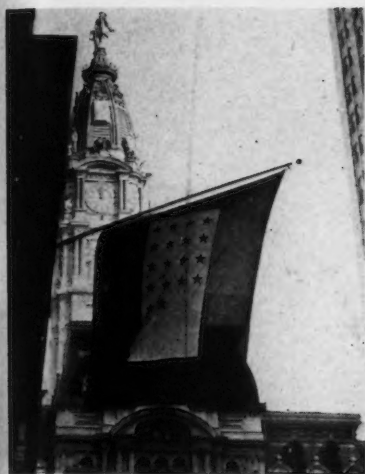
B-3-42

Check these other free booklets, if you'd like to have them also.

"Two Dozen Ways To Make Friends For A Bank" ()

"More Ways To Make Friends For A Bank" ()

Just a Minute



Service flags are appearing, these days, at banks as well as other business organizations. Here's the flag of the Land Title Bank and Trust Company, Philadelphia. City Hall is in the background

Bankers at Work

TWO IMPORTANT banker conferences are being held in New York this month. The first, March 4-6, is geared to the theme "Bank Credit in Wartime America." The second, on the 26th and 27th, is a real estate mortgage clinic. Both are under American Bankers Association auspices.

"All plans for this credit clinic," said the advance notice of the first conference, "are based on the conviction that bankers want to roll up their sleeves and tackle this wartime credit problem without diversion. So there will be no entertainment, no lunches, no banquets—just work."

That's it—just work. The program set aside one day for consideration of each of three types of bank credit: agricultural, consumer and commercial, with a general session in the mornings and the afternoons devoted to small, informal group discussions. Also, two evening meetings were arranged for consideration of general economic subjects of wartime importance.

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England Didn't Expect This Either . . .

DON'T TAKE CHANCES WITH IMPORTANT PAPERS

This picture came from London. It shows what happens when a bomb hits.

Four of the files in this battery are Remington Rand Safe-File 60's. Not one crisp, white paper in these fire-insulated cabinets was damaged. But *all* records in the ordinary steel files were quickly reduced to ashes. This has been the story of countless air raids over England.

Will *our* coast line become a front line? Will mid-America be secure? Nobody knows.

But the time to defeat incendiary fires is before the sirens scream. The time to make bank files and records safe is while they are still intact. Financial institutions within flight range of all our borders are taking safety measures, are providing

protection in Safe-File 60's, Safe-Ledger Trays and Safe-Cabinets.

These products are certified by the Safe-Cabinet Laboratory as capable of preserving their contents from severe fire and from thirty-foot drops. "Point-of-action" safety is thus brought directly to important working papers—and useful vault space is conserved.

WHAT ABOUT YOUR BANK?

The schedule of *your* bombing won't ever be published. But should enemy planes roar overhead, you will reap generous reward from acting upon suggestions you'll find in "Safe-Files Preferred". Send for your copy of this booklet today. It is the most complete treatise ever written on the protection of business papers and documents.

BANK DEPARTMENT

REMINGTON RAND INC.

THE SAFE-FILE PROVED ABLE TO TAKE IT IN ENGLAND

JUST A MINUTE—Continued

More Work

AT THE real estate clinic bankers from the northeastern states will have an opportunity to talk over, informally and practically, the problems of mortgage finance, particularly as they are encountered in savings banks and the savings departments of commercial banks.

Similar meetings have been held in the Far West, the Middle West and the East, but this is the first one serving the Northeast.

Yes, it looks like a busy month.

April will be, too, for there's a bank credits clinic scheduled for Chicago, April 15-17.

Credit Problems

REFLECTING THE discussions at the New York Credit conference, BANKING presents this month brief statements by several speakers on that program, outlining various aspects of the wartime credit situation.

We assembled these into a sort of symposium under the title "Basic War Credit Problems." It starts on page 72.

Bank Advertising

THAT'S THE theme of RICHARD H. WELLS' article, "The Hour for Banks to Lead." Mr. WELLS speaks from an advantageous position, for he has had experience in advertising as well as in

banking, and delivers his message with authority.

Formerly assistant cashier and advertising manager of the State-Planters Bank and Trust Company, Richmond, Virginia, Mr. WELLS spent the past year with a New York advertising agency that specializes in bank problems. Now he's back at State-Planters, this time as assistant vice-president.

He emphasizes, in his article, the necessity of selling certain very timely services.

Bank Customers' Markets

J. O. PECKHAM, like Mr. WELLS, is a newcomer among BANKING's contributors. As executive vice-president of a marketing research firm, the author of "Aircastles, 1942" has unusual opportunities to explore current trends in manufacturing, retailing and wholesaling—trends that hold rather uncomfortable possibilities for the future unless they are corrected.

He offers eight questions the manufacturer must answer "if he is to emerge from the war period with his consumer franchise unimpaired."

"Victory Is Our Business"

THIS IS the title of the 12-page section we devote this month to the story of banking and the war.

Of course it's far from a complete story—we couldn't begin to cover the ground—but it's interesting. And may—
(CONTINUED ON PAGE 5)

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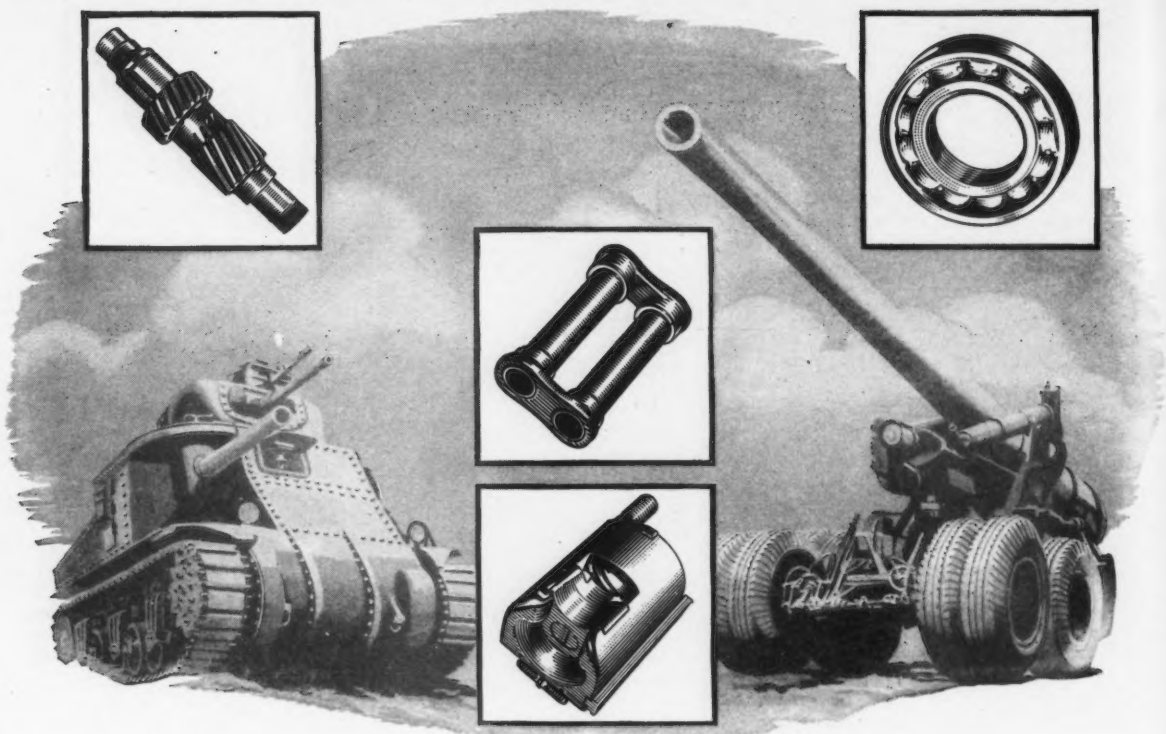
Examinations
of
Banks and Trust Companies
for
Directors' Committees

NEW YORK
CHICAGO
WASHINGTON

We borrowed this one from *Twenty-one*, publication of Louisville Chapter, American Institute of Banking



March 1942



Parts into Power

The Role of Sub-contracting in Arms Production

As the stream of our war effort steadily mounts, the country is increasingly conscious that high water mark is still not at hand. Revisions in our "must" objectives, each one setting the ultimate goal higher, have been forced, and each raising of the sights has brought new obligations to industry.

In this greatest of "changeover" periods the effect on those manufacturers who were relatively untouched by the United States arms program a year ago now becomes apparent. In order to be in a position to make parts or per-

form special operations for prime contractors, many companies must adapt their methods, their plants and their personnel to the requirements of the hour.

Where credit is required, the Chase National Bank and other commercial banks throughout the land can be, and are, of assistance to many established manufacturers. That the wheels of arms production may turn more quickly, co-operation is offered not only to direct contractors but also to sound enterprises, large or small, which are capably undertaking defense work.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

be bankers will find an idea or two that will help them help us all.

See page 33.

Change of Address

THE OTHER day WILLIAM D. NAVIN, JR., of Schenectady, New York, sent us a change of address. He'd been getting the magazine at his bank, the Schenectady Trust Company, and asked that it be sent instead to his home.

At the bottom of the notification slip he wrote:

"Leaving for to get those Japs!"

Success to you, WILLIAM D. NAVIN, JR.

At Pearl Harbor

ONE of the Pearl Harbor casualties, it seems, was a stock certificate owned by the commander of a naval vessel involved in the fateful affair of December 7, 1941.

The officer sent it to the Guaranty Trust Company of New York, transfer agent for the stock, with a request for a replacement.

"Due to certain incidents which you can imagine," he wrote, "the certificate is now a deep shade of brown, having been soaked for several days, but it is still perfectly legible."

Vincent Lumetta

FOR SIX years VINCENT LUMETTA, boss of Vincent's Fruit Stand at 500½ Pine Street, St. Louis, saved all the one cent pieces that each day's business brought.

Not long ago he walked into the bond department of the Mississippi Valley Trust Company and announced that he wanted some Defense Bonds. He'd pay for them with 19,000 cents.

"I'm not a citizen—yet—but I want to do right by the country," said Vincent.

Vincent Lumetta, left, and James F. Quigg, manager of the Mississippi Valley Trust Company's bond department. In the bags are some of the 19,000 pennies



March 1942

"RIDING THE PUNCHES"

The pugilist who can "ride the punches" takes a lot less punishment than the chap who catches them on the chin as he moves in. Business men who are sensitive to change and alert to opportunities for overcoming losses, suffer less than those who fail to develop a workable offsetting program.

Are you likely to experience reduced revenues from some of your productive departments this year? Is this thing called "change" likely to affect your profits? Are your operat-

ing expenses moving up? If so, then you face the problem of "riding the punches."

This reasoning applied to bank checks encourages the adoption of the De Luxe Personalized Check Program which definitely reduces net check expense regardless of how swiftly or how far check costs advance. What you pay out for checks is of little consequence, but

what you absorb is important. Reduce net cost by selling your customers personalized checks. Write for Booklet No.13.



Manufacturing Plants at

NEW YORK CLEVELAND CHICAGO KANSAS CITY ST. PAUL

DANGER AHEAD In Automobile Financing

Many conservative bankers are now protecting depositors' funds invested in automobile paper against such hazards as **double loans, wrong serial and motor numbers, fictitious deals, frauds, etc.** by registering the collateral back of each note with Galloway Service, a recognized clearing house serving the territory between the Rocky Mountains and the Atlantic Seaboard.

Today—Galloway Registration Service is a **must** when a banker finances motor vehicles.

Put your house in order now and avoid losses later.

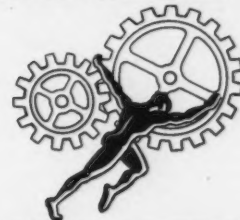
WRITE FOR COMPLETE INFORMATION

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OUR JOB IN '42 ...AS WE SEE IT



Our job is to recompense and alleviate the ravages of fire and all the other principal hazards to which property is exposed. The wheels of industry must keep turning out, without serious interruption, those materials so urgently needed by our nation in its struggle against evil forces attempting to destroy our way of life. Together, with our nationwide agency plant, we acknowledge and accept our increasing responsibilities in 1942.

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Insurance Company

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SPECIALIZED SERVICE

For 53 years we have been specializing in the work of creating and manufacturing Coupon Book Methods.

The officers and personnel of the Company are experienced with the problems of Personal Loan and Financing Collections and can render a most helpful and efficient service in copy arrangement as well as the manufacturing of Coupon Books.

We invite you to write us on all your Coupon Book problems. Our prices, suggestions and recommendations will be cheerfully given without cost or obligation.

ALLISON
COUPON
COMPANY
INDIANAPOLIS, INDIANA

Bank guards were dispatched to his stand for the coins. They weighed 150 pounds.

Vincent got his bonds. The change that was left he donated to the infantile paralysis fund.

A few days later Vincent got his citizenship papers. He had done right by the country.

Heard This One?

THE NEW YORK *Herald Tribune* printed it, and this department did some chuckling. Maybe you will, too.

"Those personable page pipkins who have replaced boys in the large banks," said the newspaper, "supply Wall Street with some much-needed comic relief. In one of the large downtown banks an officer gave a new page a \$100 bill to change yesterday, and naturally expected her back in a moment after a trip to the teller's window.

"Several hours went by and a good deal of worrying was done. Finally, the charming miss reappeared with the plaintive story that she had tried every shop on Nassau Street, and not one was able to change the bill."

Educational Exhibits

THE AMERICAN Association of Museums, with headquarters at the Smithsonian Institution, Washington, D. C., is making a survey of permanent collections and exhibits maintained by business organizations—banks included—for educational purposes.

The director, LAURENCE VAIL COLEMAN, writes: "We already know of such activities in the Chase National Bank and Seamen's Savings Bank, New York City; Wells Fargo Union Trust Com-

Until about a year ago, Captain Floyd M. Call was on the staff of the A.B.A. Consumer Credit Department. This snapshot shows him at Camp Wolters, Texas, where he's been training recruits for several months



"The telegram says your check is no good and neither are you"

pany, San Francisco; Nevada Bank, Nevada, California; First National Bank, Baker, Oregon; Wichita National Bank, Wichita Falls, Texas; and Mariners Savings Bank, New London, Connecticut.

"We have been told that there are a great many others."

The association is equally interested

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BANKING

in hearing of collections or exhibits of modest proportions, or even projects under consideration.

Know of any?

What Woodrow Wilson Said

FROM CHARLES B. VEGHTE, vice-president, Riverside (New Jersey) Trust Company, came this letter:

"In your February issue, under The Condition of Business, I was much interested in the comment entitled 'The Old Time Religion.' All during these trying war times, my mind reverts continually to the final word of Woodrow Wilson regarding peace:

If we are to have peace in this country, we must first grope our way back to God.

"I heartily agree that there must be a fundamental change in certain habits of thought regarding industry and work in connection therewith and your comment thereon, but I am convinced that there also must be a fundamental change in certain habits of thought regarding religion. Notwithstanding all our work and effort for peace, it will avail us nothing, as a nation, if we do not get back to that 'old time religion' on which this nation was founded and from which we appear to have drifted farther and farther away during all these years in which God has prospered and protected us. More stress should be placed on this thought by all of us in our struggle for freedom.

"Let us keep before us, and never forget, Woodrow Wilson's last words: 'If we are to have peace in this country, we must first grope our way back to God.'"

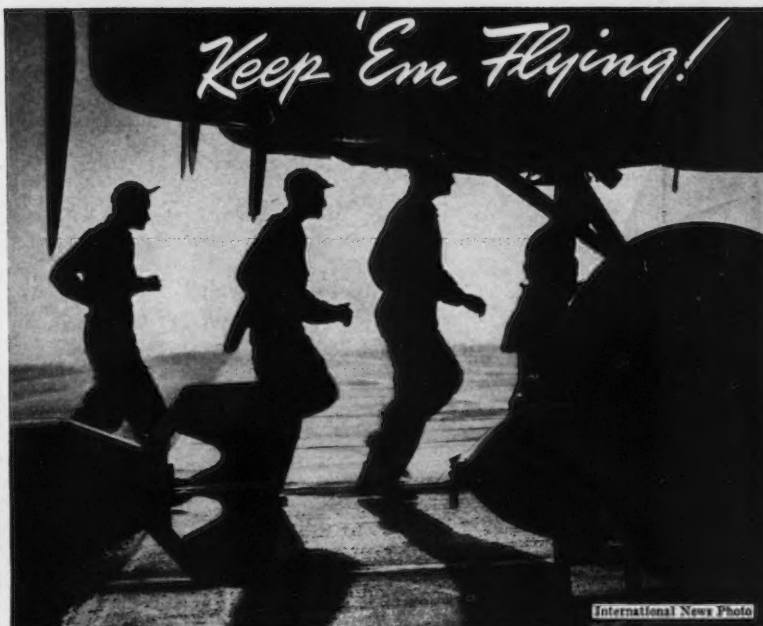
Birthdays

THE MANUFACTURERS NATIONAL BANK of Neenah, Wisconsin, helped observe its 60th anniversary by publishing a brochure combining its condition statement with a bit of history, some pictures and facsimiles of some of the congratulatory letters it had received. The bank's president is SAMUEL N. PICKARD, former chairman of the Public Relations Council, A.B.A.

The LANCASTER COUNTY NATIONAL BANK, Lancaster, Pennsylvania, marked the centenary of its chartered operation with the unveiling of some photographic murals of the county, which have been hung on the lobby walls.

The FARMERS AND MERCHANTS NATIONAL BANK of Oakland, Nebraska, recently celebrated its 50th anniversary. It was founded by Valentine Neumann and management and ownership have remained in the Neumann family.

March 1942



"Remember Pearl Harbor—drop one for me!" was the prayer of every American when he saw this news photo of Air Corps boys loading the bomb bays of a huge Boeing Flying Fortress. "Keep 'em flying" is no longer a slogan—it's a *promise* to every man in uniform. This is *everybody's* war—there are duties for every individual—every business.



Buy Defense Bonds for your business — as well as for personal investment. Save metals, paper, rubber and other strategic materials . . .

One precious material that can *never* be reclaimed is lost time. To *create* extra time, take a tip from Boeing Aircraft Co., where unlimited production schedules demand herculean effort from every man and woman in the "front office" as well as the shop. (Boeing exceeded production schedules unbelievably for December.)

"We use every tool that can speed Flying Fortresses on their way," says T. E. "Tory" Gamlen, project engineer of the famous Boeing Flying Fortress. "By dictating letters, orders, memoranda, etc., to Ediphones we save time, promote office efficiency and cut out costly interruptions."

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The Condition of BUSINESS

THE BUSINESS OUTLOOK. The slow realization that we are in a fight is bringing a tougher brand of realism to bear on the war and the whole problem of war production. This is all to the good but we still have a long way to go. Perhaps when our tires and gears wear out and we cannot buy canned foods we will get into the war and finish it, for thus are linked the economic outlook and the war outlook.

We still have something to learn about converting industries to wartime use without threatening to blot them right off the landscape entirely. In England they save the tools and skills, the "seed corn" of peace time industry, by concentrating the manufacture of a hundred civilian consumer products in selected plants while the rest of the facilities are converted to war needs.

REALISM TOWARD PRICES. At the very beginning of the effort to change the business of the country from a peace to a war footing, one of the big problems was what to do about the new spending money that would be burning holes in millions of new pockets. The problem was solved before December 7 simply by providing more and more things to buy. Consequently there is still no practical solution in sight except to follow the lead of the older belligerents who have had to bring more and more products under an effective rationing system.

REALISM TOWARD TAXES. Neither bond-selling to the public nor tax-collecting from the public, as we are carrying out these twin operations, will reach more than a fraction of the billions which the Treasury is now pouring out for every purpose under the sun. Generally speaking the checks from the Treasury go to one list of addresses and the checks sent back to the Treasury come from another. It would serve greatly toward solving the problem if the Treasury's tax policy took into account the direct relationship between war bond purchases and war tax payments.

The question of 1942 corporation taxes will be up in the air for a while yet but there is no doubt whatever that the ante will be raised above that of 1941. Additional revenue from corporations may be obtained by increasing the surtax, or perhaps through the excess profits tax. A third possibility would be a combination of these two methods. The aim at the moment is to raise seven billions, including two billions through Social Security, and it may be more by the time they reach a decision. Almost any corporation can make its own guess about the size of its contribution and probably it would still be shy.

REALISM TOWARD PRIORITIES. Businesses of every kind are frankly facing the fact that they are going to have trouble getting materials, equipment and everything that they need. In the privilege of self-denial for the national good, everyone from Judy O'Grady to the Colonel's lady is a member of the same club. It is a

predicament in which everyone will have plenty of company, and incidentally, plenty of trouble finding out just where he fits in the vast jigsaw puzzle of priorities.

REALISM TOWARD PROFITS. In examining the profit outlook there must be a sharp line drawn between war and civilian businesses. As far as the civilian end of it is concerned, there is very little possibility that corporation profits will go much higher. If earnings should by any chance reach a higher level, in spite of rising costs, higher wages and scarcity of needed materials, the chances are they would be clipped right off by new taxes.

The Government is more and more in a position of power, enabling it to control a company's expenditures for new equipment, for research which might be postponed, for higher salaries and other purposes which in the past have had the effect of reducing income for tax purposes. The methods of enforcement of the Government's wishes in respect to such expenditures include priority restrictions on materials, transportation, fuel and power. Also there are the weapons of rationing, price controls and labor regulations.

The only real possibility of rising profits is in the war industries and here the Government, as the chief and only purchaser, has absolute control.

According to the best and most careful official estimates, more than half of the industrial output of the country in 1942 will be for military purposes, whereas only about one-fifth of it went in that direction in 1941. Therefore, the outlook for business profits boils down simply to a question of how the Government feels about it at any one time.

REALISM TOWARD CONVERSION. There will probably take place a great many mergers of retail establishments as a result of recent restrictive orders affecting consumer goods. If retailers and dealers doing business with the public are not able to get materials and goods to sell they will have no course but to join forces with others in the same fix or sell out or fold up. This means, inevitably, a steady reduction in the number of such persons in the field and it raises serious problems for the individuals concerned.

This whole question of the effect of the changeover or conversion of businesses to war purposes is one that must be thoroughly explored in order to anticipate the different effects that the war is going to have on different industries.

For example, a sharp distinction must be made between the industry that is *diverted* and the one that is *converted* to war uses. An instance of diversion is the building industry, which will probably have a volume this year approximately equal to that of 1941, most of it for war and related purposes. There will be little necessity for discarding and changing machinery, workmen and materials.

WILLIAM R. KUHN

BANKING

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by the

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Bankers wrote the specifications for the International Proof Machine. Men thoroughly familiar with banking practice, and particularly with the shortcomings of manual check-proving procedures, visualized the kind of machine they knew would best answer modern day requirements for speedy, accurate, and economical handling of checks.

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The National Prospect

The Washington news in The National Prospect is reported for BANKING by HERBERT M. BRATTER.

Washington, D. C.

Money in circulation

CIRCULATION OF currency in the United States has shown a steady increase since the defense program began. This is not surprising. It continues a trend of many years standing. Moreover, the volume of currency is believed to be more sensitive nowadays to economic activity than used to be the case. Wage payments and retail trade, two leading factors in currency circulation, have been expanding rapidly since 1940. Also, incident to the stimulated economic activity, there has been a noticeable movement of workers from one place to another, under which condition people are slow to reestablish or newly establish, banking connections, and therefore are prone to use cash.

Some people think currency hoarding on a large scale is occurring and that hoarding is the principal explanation of the swollen note issue. But this is doubtful. True, there has been an increase in the public's holdings of large denomination currency of \$50 to \$10,000 denominations, from \$2,340,000,000 in September 1940 to \$3,044,000,000 in December 1941. This rise of \$704,000,000, however, included a large increase in \$50 notes outstanding, while there was actually a decrease in the public's holdings of the \$10,000 denomination.

The increase in small denomination notes and coin during the same period was from \$5,814,000,000 to \$8,120,000,000.

Doubtless some of the increase does represent hoarding, but how much is difficult to estimate. If anyone is hoarding to hide his income, for example, he will probably choose small denomination notes. Foreigners have undoubtedly hoarded funds here, to conceal their wealth from their own govern-

ments. Some people evidently have feared a Federal tax on bank accounts. Certainly there has been no loss of confidence in the banks themselves. Probably as much a factor in hoarding as any other is a vague feeling of uneasiness in a changing world, and a consequent desire for actual cash.

Expansion of currency in circulation has not been a peculiarly American phenomenon. The B.I.S., in its last annual report, points out that increased note issues have been "common to all countries."

It seems likely that the hoarding problem is often a matter of locality and therefore it appears doubtful whether any counter measures are advisable. Even if hoarding could be discouraged, what would be gained thereby, since there is no limit to the amount of currency that can be printed, and bank reserves are in excess of legal requirements?

Apart from factors mentioned above,

the increase in currency outstanding, during recent years may be explained by the fact that banks have been compelled by circumstances to make service charges, by the low rate of interest obtainable on savings deposits, and by the reduction in the number of banks.

Elsewhere in this issue are excerpts from an address by Chester C. Davis, president of the Federal Reserve Bank of St. Louis, on hoarding.

Freezing control

PROMPT action by American officials in the Philippines prevented many millions of dollars worth of securities, coin, currency, bullion, jewelry and other property from falling into the hands of the Japanese by application of the "scorched earth policy."

During the same period the Division of Foreign Funds Control of the Treasury sent its representatives to investigate the American Bosch Corporation, Springfield, Mass., and the Luscombe Airplane Corporation, Trenton, N. J., suspected of being Axis dominated.

(CONTINUED ON PAGE 12)

WAR PRODUCTION BOARD

Below are the members of the WPB at their first meeting. Left to right, Leon Henderson, Price Administrator; J. B. Forrestal, Navy Under-secretary; Jesse Jones, Federal Loan Administrator; Frank Knox, Navy Secretary; Donald M. Nelson, chairman; Henry A. Wallace, Vice-President; Robert Patterson, War Under-secretary; and Lt. General Knudsen. Standing, Herbert Emmerich, executive secretary and John L. O'Brien, general counsel. Harry L. Hopkins and Secretary of War Stimson were not present



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NATIONAL PROSPECT—Cont.



NEGOTIABLE INSTRUMENTS!

New Japanese currency reported to be flooding Malaya and possibly the Philippines. Lacking the picture of the king and tiger, it is a poor imitation of the genuine bill

Of particular interest was the removal of important executives from both the Schering Corporation, Bloomfield, N. J., and the huge General Aniline and Film Company, because of their Axis affiliations. George Gallowhur, president of Gallowhur & Company, New York, was denied a license to purchase Schering Corporation.

The Treasury also issued Public Circular 14 which prohibits the purchase without special license for any blocked account of more than 1 per cent of the outstanding shares of any one class of a corporation.

Navy Yard uses checks

INTRODUCTION of the check system to pay civil employees at the Boston Navy Yard has resulted in the saving of approximately 10,000 productive man hours per week, the Navy Department announced. By scrapping the cash system and resultant waiting in line, it is estimated that about 30 minutes per man per week has been gained for productive effort. As a result of this successful experiment, extension of the check system to other industrial yards in the near future is contemplated.

Between January 3 and 9, approximately 50,000 statistical card Treasury checks were prepared and delivered to civil employees. These checks were in payment of the regular weekly Navy Yard rolls for the week ending January 4, 1942, and of the special rolls covering the pay given employees who worked on Christmas and New Year's Day. Actual delivery of the checks was spread over a period of three days—January 7, 8 and 9—although the usual pay day for these employees would have been the 9th, if paid in cash.

About two-thirds of the Navy Yards are now using checks on paydays. The system was inaugurated about a decade ago at Mare Island and Puget Sound. Pearl Harbor was the next to use it. Later the practice was instituted at

BANKING



PRICE CONTROL

Leon Henderson, price administrator, takes oath of office. Supreme Court Justice Jackson, above, left, Donald M. Nelson, chairman of the WPB, Mrs. and Mr. Henderson

New York, Norfolk and Boston. Its early extension to other yards is expected.

News on silver

SECRETARY MORGENTHAU disclosed to a House appropriations subcommittee: "... I will be glad to see Congress strike all of the silver legislation off the books." Asked whether "repeal of the silver-purchase policy would have an effect in controlling inflation, the Secretary answered: "I think it would be helpful at this time. I think it would be well received."

At his February 2 press conference the Secretary confirmed the news about his new public attitude toward silver. We quote briefly two questions and his answers:

Q Mr. Secretary, would you advocate the sale by the Treasury to industry of some of the surplus silver?

A That would be one of the recommendations I would make.

* * *

Q Mr. Secretary, when they speak about repealing the Silver Act, does that mean the Silver Nationalization and the Silver Purchase Act, too?

A What I said was, as far as I am concerned, they could repeal it all.

"Contact" value of Savings Bonds

ACCORDING TO the Federal Home Loan Bank, it is not only patriotic, but also "good business" for financial institutions to cooperate with the Treasury in selling Savings Bonds. Savings and loan associations acting as issuing agents continue to comment upon the "contact" value of the campaign.

One midwest association reports that of \$56,500 worth of bonds and stamps sold during one month, \$22,000 resulted

March 1942

THE NEW YORK TRUST COMPANY

Capital Funds . \$37,500,000



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is economical protection
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BUSINESS CORNER IN WAR MENACED BATAVIA

The Ho Hong Bank, a Chinese institution, has long handled financial affairs of the Chinese in the Dutch East Indies

from sales to members of the institution and \$34,500 represented purchases by non-members who were brought into the association by its participation in the defense savings drive.

Four specific "loopholes"

FOUR SPECIFIC "loopholes" being used by taxpayers, according to Secretary Morgenthau, are: Tax-exempt securities, community property, separate returns for husband and wife, percentage depletion. The secretary told the Forum of the City Club of Cleveland:

It has been difficult until now to correct our tax laws because taxpayers have been too few and too indifferent. Until the great body of American taxpayers become thoroughly aroused to the injustices which have been left on the statute books year after year, we cannot expect to correct the laws. The remedy lies in your hands as taxpayers.

As to tax-exempt securities, which loophole "costs the Treasury \$200,000,000 a year," Mr. Morgenthau thinks "it is high time to tax the income of

state and municipal securities—not only the income from future issues, but also income from issues now outstanding."

Rovensky's work expands

JOSEPH C. ROVENSKY, formerly vice-president of The Chase National Bank in charge of its foreign department, has been appointed assistant coordinator of Inter-American Affairs, under Nelson Rockefeller. Mr. Rovensky's work as chairman of the Commercial and Financial Division of the Rockefeller office has been growing, especially with the expansion of activities of the office abroad, and his position in the field of economic warfare is assuming increasing importance.

Wilkinson writes the banks

FOLLOWING UP Jesse Jones' letter of January 1 to all banks and bankers, J. Harvie Wilkinson, Jr., chairman of A.B.A.'s National Defense Loans Committee, addressed a letter to all banks in the U.S.A. In his letter Mr. Wilkinson stated:

It will be observed that both Mr. Jones and Mr. Henderson state that companies seeking credit should first go to their local banks. We cannot too strongly urge the banks to make every effort to grant the credit for their own account if it is at all possible. If it is not possible, then the banker should assist the applicant in presenting his loan application to the nearest RFC Loan Agency and endeavor to participate to some extent with the RFC in a loan.

Counterfeiter caught

The FBI has apprehended a Knoxville, Tennessee, printer responsible for supplying bogus checks to one of the most extensive traveler's check rings ever to operate in the U. S. The traveler's checks were on "National City Bank of New York."

(CONTINUED ON PAGE 16)

Title

The following is the title of an "extension of remarks" inserted in the *Congressional Record* by Representative Wright Patman, well-known antagonist of interest payment: "How Money Will Be Created Under Our Present System To Pay War Expenses Which Will Make Taxpayers Pay Double or More and How the War Expenses Can Be Paid, Without Interest, and the Entire War Debt Liquidated in Less Than 40 Years."

THE HOME INSURANCE COMPANY NEW YORK



STATEMENT • DECEMBER 31, 1941

Admitted Assets

Cash in Banks and Trust Companies	\$ 24,287,805.05
Bonds and Stocks	85,493,204.48
First Mortgage Loans	365,492.00
Real Estate	3,841,678.13
Premiums uncollected, less than 90 days due	8,257,964.53
Reinsurance Recoverable on Paid Losses	1,512,109.67
Other Admitted Assets	218,518.25
	<u>\$123,976,772.11</u>

Liabilities

Capital Stock	\$15,000,000.00
Reserve for Unearned Premiums	59,351,273.00
Reserve for Losses	9,658,743.00
Reserve for Taxes	2,350,000.00
Reserve for Miscellaneous Accounts	667,419.82
Funds Held under Reinsurance Treaties	127,883.25
Reserve to Adjust Security Valuations	531,600.00*
NET SURPLUS	<u>36,289,853.04</u>
	<u>\$123,976,772.11</u>

*Represents the difference between total values carried in Assets for all Bonds and Stocks owned on basis prescribed by National Association of Insurance Commissioners and total values based on December 31, 1941 actual market quotations.

Securities carried at \$3,126,823.00 and cash \$50,000.00 in the above Statement are deposited as required by law.

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STANDING BETWEEN A 50 CALIBRE MACHINE GUN and one of his aviation gas tanks, Tom Robins, president of Hewitt Rubber Corporation, shows the terrific punishment these tanks must withstand. Hewitt is one of the largest producers of self-sealing gas tanks for fighting planes, and the first to go into big scale production.



COMMANDER OF A SUB CHASER in the Irish Sea in the last war, Mr. Robins was quick to see the need for all-out effort this time. A lengthy list of Hewitt industrial products are in service today with all branches of the Allied armed forces. For example, synthetic gasoline hose (pictured in use above) quickly fuels U. S. Army planes at bases half way around the world.



"WHEN IT COMES TO BANKS," says Mr. Robins, "We chose the Marine naturally, because its coverage matches our own far-flung activities." One of 20 Marine Midland Banks, with 90 offices in 38 New York State communities, the Marine can help you too if you do business here!

MARINE TRUST COMPANY, BUFFALO, NEW YORK

NATIONAL PROSPECT—Cont.

Swope in Treasury

SECRETARY MORGENTHAU has appointed Gerard Swope as a special assistant. Mr. Swope is to act as "general adviser to the Secretary on a great variety of business problems that arise in the conduct of the Department." In accepting the position, to which he will devote his full time, Mr. Swope resigned the chairmanship of the New York City Housing Authority, which he had held for two years, and also his directorship in The National City Bank of New York.

Something new in Washington

THE REPORT of the House committee which investigated naval defense contracts contains a rather new note in congressional committee reports. Reference here is made not to the committee's disclosures of profiteering by contractors, but to the following:

The tremendous financial gains made by labor organizations during the period of the defense effort and the vast amount of funds and assets in their treasuries present an astounding picture of concentration of wealth, a situation heretofore usually associated only with industry and finance. These vast tax-exempt funds reposing in the treasuries of labor organizations, many of which by strikes and work stoppages have delayed and in instances even obstructed the defense program, present a problem which the committee feels should well be considered by the Congress. The committee recommends that suitable legislation be enacted requiring all labor unions (along with other special interest groups) to register with a suitable governmental body and to furnish pertinent information concerning their officers, members and financial condition at periodic intervals.

More Series-E agents

NUMEROUS SECURITIES and investment organizations are now eligible to become issuing agents for Series E Savings Bonds, as a result of Treasury negotiations with the New York Stock Exchange, the Investment Bankers Association of America, the National Association of Securities Dealers, Inc., the Association of Stock Exchange Firms, and the group of recognized dealers in United States securities.

The basic requirements for qualification as an issuing agent for a member firm or corporation are to be in good standing in its association or exchange, and to deposit under suitable regulations with the Federal Reserve Bank the sum of \$25,000 or the equivalent in approved securities.

BANKING

★ BOOKS ★

If you want any of the books mentioned on this page, send your check for the published price to **BANKING**, 22 East 40th Street, New York. Your order will be filled promptly.

National Income

NATIONAL INCOME AND ITS COMPOSITION, 1919-1938. By *Simon Kuznets*. National Bureau of Economic Research, New York. 2 vols., 980 pp. \$5.

THIS latest contribution to the National Bureau studies on national income is a necessity for those who require data concerning the national product and its origin and distribution. The first 132 pages are devoted to concepts, classifications, and procedures. They cover the philosophical aspects of defining and measuring income. The remainder of the two volumes is given over to detailed tables relating to the production and distribution by industrial and other economic groups.

It is the nature of this type of study, dealing with a flow in time, always to be superseded by later researches which use more refined data and apply different concepts of income. The author points out that "all national income estimates are appraisals of the end products of the economic system . . . and, like all appraisals, they are predetermined by criteria that are at worst a matter of chance, at best a matter of deliberate choice." The place of Federal expenditures in national income estimates is touched upon briefly. Since the figures end with 1938 there was no necessity for the author to "stick his neck out" on that subject. However, that problem will become more and more important in estimates of income during the war years, when consumers have steadily rising incomes coupled with a steadily falling supply of goods to be purchased.

R. W. B.

Taxes

UNITED STATES MASTER TAX GUIDE, 1942. Commerce Clearing House, Inc., Chicago and New York. 288 pp. \$1.

LA SALLE FEDERAL INCOME AND EXCESS PROFITS TAX MANUAL. LaSalle Extension University, Chicago. 315 pp. \$2.50.

Here are two more "tax books" prepared for individuals and companies having need for guidance in solving the problems posed by the tax laws.

Pointers

HOW YOUR BUSINESS CAN HELP WIN THE WAR. Simon and Schuster, New York. 111 pp. \$1.

THIS guide book's purpose is to help businessmen avoid unnecessary delays in finding out what to make

in the war program, how to sub-contract, the Government's requirements, what the Government needs, priorities, allocations, prices—in short it tersely tells how to convert from peacetime to wartime industry. It is designed for everybody having any part in the gigantic readjustment of business, and that includes, of course, bankers.

War Economics

THE ECONOMICS OF TOTAL WAR. By *Henry William Spiegel*. D. Appleton-Century Company, Inc., New York. 410 pp. \$3.

THIS is one of the best balanced treatments of war economics which has come to our attention. The economic causes of war are reviewed. There is a realistic discussion of wartime problems of man-power, prices, control of production and consumption, strategic materials, and foods. The final chapters discuss international economic relations in wartime, how to pay for the war, and post-war problems. There is an excellent bibliography of thirty-one pages. The documentation is up to date.

Other Books

AMERICAN PUBLIC FINANCE. By *William J. Shultz*. Prentice-Hall, Inc., New York. 874 pp. \$6. The third edition of Professor Shultz's textbook, revised to include the new developments of war finance.

FEDERAL TAX HANDBOOK SUPPLEMENT. By *Robert H. Montgomery*. Ronald Press, New York. \$3. Bringing up to date for 1941-42 application the information in Federal Tax Handbook, Vol. I. The Supplement is indexed for combined use with that volume.

SOME FINANCIAL TRENDS OF COMMERCIAL BANKS OF RHODE ISLAND, 1915-1937. By *Rev. B. A. McLaughlin*. Catholic University of America Press, Washington, D. C. 106 pp. \$1.50. A dissertation, containing considerable historical material, that includes the downward tendency of loans and discounts and the upward swing of investments.

FINANCIAL STATEMENT ANALYSIS. By *John N. Myer*. Prentice-Hall, Inc., New York. 257 pp. \$3.25. A textbook designed to "develop sound principles for a technique of analysis and interpretation of the financial statement." The reader's familiarity with accountancy is assumed.

GOVERNMENT AND THE AMERICAN ECONOMY. By *Merle Fainsod* and *Lincoln Gordon*. W. W. Norton & Company, Inc., New York. 863 pp. \$5. Two Harvard teachers in this text examine and analyze "the assumption by government of major responsibilities for the guidance and direction of the American economy." The political forces influencing public policy are emphasized.

Precision

FOR OUR VICTORY PROGRAM

Who would have expected that a casual interest in a recording device for counting the revolutions of a ship's propeller, as far back as 1879, would ultimately develop into the first accounting machine known as a cash register . . . then later into accounting-bookkeeping machines . . . and now, also into precision products for Army and Navy Ordnance? • But it did happen! . . . And today, in recognition of our achievements in precision manufacturing, the famous U. S. Navy "E" pennant flies from The National Cash Register Company's flagstaff. • We feel justly proud that the highly skilled precision workmanship developed in our factories for over 60 years can be turned into the manufacture of record-making and record-keeping equipment so necessary to speed production and distribution, as well as the Victory ordnance products so vital today.



The National Cash Register Company
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*Time and labor saving precision products
for retailers, wholesalers, manufacturers,
banks, institutions and government offices.*

★ **HELP U. S. WIN—BUY DEFENSE SAVINGS BONDS** ★

BANKING

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MARCH 1942

The Hour for Banks to Lead

RICHARD H. WELLS

Mr. WELLS, assistant vice-president of the State-Planters Bank and Trust Company, Richmond, Virginia, has just spent a year as vice-president of Merrill Anderson Company, New York advertising agency.

THIS country's all-out war effort is going to have—is already having—a tremendous effect on the promotional efforts of banks. For instance, in recent years hundreds of banks have promoted, through advertising and otherwise, substantial volumes of profitable loans originating through mass consumption of products and materials, the availability of which has been either drastically curtailed or completely cut off. The list of such credits includes automobile loans, mechanical refrigeration loans, FHA Title I and FHA Title II loans, household appliance loans and certain types of so-called personal loans.

The question is: what are the banks going to do (1) to offset the resultant loss of income they will experience through the disappearance or sharp curtailment of this business; (2) to maintain contacts with the great masses of credit-worthy individuals from whom this type of business was so painstakingly and laboriously cultivated.

The rapidly expanding volume of commercial, industrial, and agricultural loans is a partial answer to the immediate problem of earnings. Up to this time such expansion of credit has been largely confined to the bigger cities. However, as the demand grows and expands with the war effort it should have a pronounced effect upon the loan portfolios of even the small "country" banks.

BUT what about the maintenance of contacts with those millions of individual borrowers? Will the banks let them drift with the tide? Or will they continue their cultivation with an eye towards financing the tremendous demand for consumer goods which will certainly follow this war?

I believe that 1942 marks the American banking system's rendezvous with destiny. And I believe that that destiny is closely linked with what the banks do towards guiding and helping the average man through one of the most trying and critical financial periods with which he

Together We'll Win

VICTORY in the gigantic struggle now under way depends not on our armed forces alone, but, to a large extent, upon the individual effort of all Americans. The time has come when each of us must make a definite contribution to the nation's unprecedented war effort. Whatever our position may be, there are certain obligations which we, as civilians, have to meet squarely—not later, but NOW. For example, we must:

1. Forego our hours of pleasure and recreation for war and defense activities;
2. Conserve all materials possible, discarding or destroying nothing that has any salvage value;
3. Learn to do without luxuries and non-essentials;

The First National Bank of Memphis expresses a universal sentiment. (We had room for only part of the ad.)

has ever been confronted. In other words, I believe that those banks which withdraw their mass promotional efforts are not only going to miss the boat, but are going to do irreparable harm to the American banking system.

Here are some of the things I believe the banks can do now (1) to help the speedy and successful prosecution of this war; (2) to help stand off a wild inflation; (3) to prevent the awful deflation or depression which is becoming a taken-for-granted event in the minds of too many people; (4) to increase their stature in the public eye.

There are, of course, other things that banks can and are doing with their promotional efforts, some of which

have a better than even chance of producing immediate returns. Publication and direct mail advertising for defense loans is being well handled by many banks. As the demand for credit expands with the accelerated war effort this type of advertising should continue to present opportunities for the profitable employment of space.

The busy and harassed businessman has probably never had less time to devote to his personal affairs. Yet rapidly changing conditions, chaotic upsets of certain industries, and resultant effects on many stocks, bonds, and other evidences of wealth, make imperative today the close supervision of property, especially intangibles. Therefore, trust advertising—lots of it—and tuned to the times.

Some of the more alert banks are using the possibility of air raids as a peg on which to hang safe deposit advertising. Although my faith in safe deposit advertising was badly jolted by the tested experiences of many banks I'll yield to this extent: if there is ever a good time to advertise safe deposit facilities this is it, especially on the east and west coasts.

Now let's get back to our four main points. How can the banks help speed the successful prosecution of this war? The most obvious answer is through promotional efforts directed towards the sale of Defense Stamps and Bonds. There are other ways, of course, but servicing the country's need to raise funds is of paramount im-

portance up to now. Perhaps this is sacrilege, but prior to the attack on Pearl Harbor the banks had spent a lot of money on Defense Stamp and Bond sale promotion without proportionate signs of success. Now that practically all advertisers and advertising media are plugging this angle it seems to me that the banks can slacken their efforts in some directions and tighten up in others and yet become more effective. They can ease off in publication advertising of stamps and bonds and tighten up in lobby advertising, direct mail advertising, statement enclosures, and in other ways which act more as reminders at the time when the public has money in its hands or is dealing with its fiscal agent—the banks. Don't forget—you don't have to *sell* these things; everybody wants to buy them. You bankers have got to fight public or mass procrastination! That's where you come in because you've got the people's money and you're in a position to give them a poke in the ribs and say "Come on, let's get this thing done." You're the "hook" in the advertising scheme.

Do your part in advertising Defense Stamps and Bonds in the newspapers, on the radio, billboards, and other media, of course. But bear in mind at the same time the difference in your relationship with the public and that of XYZ Rubber Company, for instance, which is plugging bonds and stamps in its *Saturday Evening Post* ads and on its national hookup radio programs. And draw your schedule accordingly.

ONE other thing before we leave this point. Are you making it easy and pleasant for the public to buy stamps and bonds? Are your employees rendering this service with alacrity, courtesy, and encouragement? Or are they handling this extra duty with indifference and with even an aggrieved air of boredom? Check this point carefully because I say here with reluctance but with proof for evidence that many people are patronizing post offices and other places in preference to the banks because of real or imagined discourteous, cold, or indifferent treatment experienced at the banks. The banks are spending millions of dollars in salaries as their contribution in the distribution of United States Stamps and Bonds. They are entitled to use these contacts as a means of building goodwill. If they aren't doing just that then they are shortsighted, indeed.

OUR second point was how the banks could help stand off a wild inflation. The answer to this lies in a sustained and continuous educational effort on the part of the banks. And right here let me say that I don't think the banks can do the job by themselves. They can, however, follow the Old Testament account of the rebuilding of Jerusalem, when "each man rebuilt that section of the wall which was closest to his own house." Through their advertising the banks can point out and explain the evils which accompany the distortions of inflation. They can use self-sacrifice as a back-drop; they can hold hoarding up as a shameful practice; they can point out the economy in and necessity for price stabilization which is impossible if everyone gorges himself; they can prepare the public for higher taxes; necessity for personal budgets; necessity for saving; and in countless other ways they can plug, plug, plug self-denial and restraint now

This three-color war poster, for display in bank lobbies or windows, says what everybody's thinking. It was prepared by the A.B.A. Advertising Department.



as a virtue which will pay big dividends in financial happiness later on. In other words, the banks are financial doctors, and they recognize symptoms of a deadly disease—inflation. Are they going to inoculate themselves in silence or are they going to take off their coats, roll up their sleeves, and get to work with the anti-toxin needle?

Number three covers a point which all of us are talking about even before we fully recover from the shock of Pearl Harbor. What about the deflation or readjustment period which will follow the war? What can the banks do to help offset that?

Here again is a job which the banks couldn't begin to do alone. But here again is a job which can be helped a lot if each banker will rebuild that section of the wall which is closest to his bank. Economists aren't the only people who are talking about the post-war bust. I've heard my maid discuss it—not with any degree of reason—but in a simple statement to the effect that conditions after the war are going to make the depression of the early '30's look like heaven. I've heard bus drivers, laborers, clerks, bankers, advertising men, and many other strange types of people say exactly the same thing in slightly different words.

Brothers, we've got the finest major depression conceived, born, matured, powdered, cologned, and ready to launch upon a suspecting world that this universe has ever seen or perhaps will ever witness. And what a terrible psychological eight-ball to get behind! And what can the banks do about it?

The banks can launch savings plans. How about an "After-The-War" Savings Club? That is far-fetched, of course, but it gets the idea over quickly. How about a live, vigorous campaign urging people to get out of debt now, particularly in view of the fact that they can't buy anything? "Let's make this get-out-of-debt year." What a wonderful story could be woven around that theme! Suppose the banks were successful in promoting the liquidation of several billions of dollars of more or less static debt? What a boon that would be in a switch over from a war economy to peace-time operations! A deep and sincere participation in this Defense Stamp and Bond drive by a wide, wide cross section of the working public is, in itself, a backlog for future purchasing power. We must not overlook the fact that fundamentally the idea of saving for post-war enjoyment is the basic thought back of the campaign to sell Defense Savings Bonds. Simple, straightforward messages on this phase of the problem from the banks to the public will fall on willing ears. Let the banks show their people how they can fill financial woodsheds against a cold spell which is forecast to follow this war, but which can surely be weathered without frostbite.

Our fourth and final point was "How can the banks increase their stature in the eyes of the public," and we might add, "as contrasted to public reaction in the dirty '30's?" They can do it by accepting the challenge of these troublous times and by assuming the financial leadership which is rightfully theirs. The banks have never had such a wonderful opportunity to carry the torch which lights the way to sound financial practice. And this time they have every excuse to carry the torch for



PEARL HARBOR changed everything. Syracuse people no longer say to themselves, "We should buy Defense Bonds"—they say, "We must!"

Now, Onondaga Savings Bank's famous Defense Bond Club becomes the "Victory Club." It works the same way: You join the \$1-a-week Club to own a \$25 Bond, or the \$2-a-week Club to own a \$50 Bond. After 13 weekly deposits and a smaller final deposit the Bond is yours.

And remember—every \$3 becomes \$4 in

ten years. It's the smartest investment in the world...the most immediate way to show the Axis how you feel about this war. Every day, every minute counts! Stop in at the Bank and join the Victory Club with a \$1 or \$2 deposit right away!

If it's not convenient to come to the Bank, pin a \$1 bill (or two of them) to this advertisement and send it to us with your name and address. You'll receive your Victory Club coupon book by return mail. Don't wait—the Axis won't. Act now!



Onondaga County Savings Bank

Onondaga County Savings Bank offers the people of Syracuse a systematic method of saving to buy Defense Bonds through its Victory Club

the public, for the man in the street, for the American voter. Their stature will grow in his eyes in proportion to the financial leadership which the banks display.

What medium should they use to accomplish this objective? You guessed it! Advertising, of course. There is going to be a strong temptation facing the banks to "save" a few thousand dollars by curtailing their mass advertising programs. This will be heightened by the disappearance from the market place of many products heretofore demanding bank credit. Yielding to the temptation will be shortsighted and perhaps disastrous, in my opinion.

If I were running a bank today, I am quite sure that I would ask for and insist on additional advertising appropriations. I would use that money to build a well-planned, carefully coordinated advertising program designed to get my individual customers and prospects out of debt and prepared to meet the shock of higher taxes, high living costs, the necessity for buying Defense Bonds from current income, and a post-war readjustment.

From this effort I would expect my bank to receive its share and then some of the personal loans which would result from people borrowing to "get their debts in one basket." I would expect a better than gradual increase in thrift or savings accounts, to say nothing of small checking accounts, and I would expect a reasonable amount of public gratitude and respect from my fellowmen who, as a group, are rather hazy about the ups and downs of our economic system in relation to their future financial welfare.

What do you think?

Aircastles of '42

J. O. PECKHAM

Mr. PECKHAM is executive vice-president of the A. C. Nielson Company, New York, which specializes in marketing research.

At first glance, it would appear that this article is somewhat out of place in a periodical addressed primarily to bankers; it would seem much more to the point if we could talk about the effect of the war program on banking. One does not have to dig very deep, however, before uncovering a rather close connection between nationally advertised goods and banking, so perhaps in discussing this subject we shall uncover something of interest and possible value to the banking business.

After all, it seems to me that the business of banking is largely identified with nationally advertised merchandise. Many manufacturing plants in your community fall into this category. Retailers in every field of endeavor in your own neighborhood sell huge quantities of nationally advertised merchandise, hundreds of thousands of individuals make a living one way or another through the manufacture and sale of nationally advertised products; and as a matter of fact, the lives and well-being of practically every customer and depositor are affected one way or another by the future of trade-marked brands.

On this basis, therefore, it would appear that practically everyone engaged in banking should be directly concerned with the shape of things to come in the field of nationally advertised merchandise, both from the standpoint of what indirect effect it might have on the banking business and for whatever value it might have in talking to customers and depositors engaged in

If bankers who sit at directors' meetings in companies manufacturing nationally advertised merchandise can get this idea over, namely, that the primary job of a manufacturer today is to protect and defend his business through sound merchandising and advertising methods, at the same time co-operating with the national defense effort in every way possible, they will be contributing tremendously to the national well-being of all of us. Increased profits are not important; as a matter of fact they are well nigh impossible, or will shortly be impossible, and every effort must be made to continue consumer and trade work so that demands can be reestablished after the war.

the manufacture and sale of nationally advertised merchandise.

The present basic problems confronting manufacturers of trade-marked goods—and here we should explain that we are largely talking about consumer goods such as nationally advertised food products, drug products, etc.—started early in 1941 when the trade situation really switched from a buyers' to a sellers' market. Under the impact of increased wages, shortages of certain goods as a result of government buying and increasing prices, wholesalers, retailers, and even consumers began to buy ahead of normal needs. This movement started on a fairly sound businesslike basis; naturally, wholesalers, retailers and consumers were interested in protecting themselves against higher prices and against consumer shortages, and so they bought ahead.

By late Summer of 1941, however, there were some evidences of hysteria on the part of buyers and this rapidly snowballed until December 7 when many wholesalers, retailers and consumers threw common sense and discretion to the four winds and went out to buy all they could get their hands on, in many cases calling for bank credits in order to make these purchases.

THE result has been tremendous increases in wholesale and retail stocks—and again we are speaking primarily of drug and food commodities. Our company has been measuring consumer sales and retail inventories for more than eight years through grocery stores, drug and toiletries departments of department stores, drug stores, retail liquor stores, country general stores, etc., and never in the history of our work have retail stocks been so heavy, particularly in the grocery field. This same situation applies to wholesale stocks as well; even Mrs. Consumer has stocked up to the limits of her capacity to buy and the capacity of her pantry.

Every word that comes out of Washington these days



—and this started with Mr. Ickes' oil shortage of last Summer and Fall—sends everyone scurrying around for more goods, which builds up inventories further and helps the process of increased prices.

We hold that this is not a particularly healthy condition. To be sure, the chances are pretty good that we will not repeat the cycle of downward prices and deflated inventories that took place in 1921, at least not for a while. In so far as manufacturers, wholesalers, retailers and even consumers have used bank credit to buy these goods at higher prices, those credits are probably safe in so far as they still represent value. As a matter of fact, all signs point to even higher prices as all of us know.

No, there is probably no immediate danger here. The cycle we have been going through since midsummer 1941 is commonly known as "good" business, and it is good business so far as the present and immediate future are concerned, in the sense that profits are generally higher with increased sales and people have more money with which to buy these products. The full impact of Federal taxes has yet to make itself felt, but even the reduced buying power that will come about through the imposition of these increased Federal taxes does not constitute the major danger.

IN our opinion, the major danger to business and to the American standard of living is the factor of sellers' indifference which enters into all transactions when we come into a buyers' market. Let's look at how indifference can wreck our business future.

First let us consider the manufacturer of consumer goods. All he needs today to do a good business is the goods, a battery of telephones, and a large stock of order blanks. Practically anything he has can be sold, and in most cases this means selling to the wholesaler and to the larger retailer organization. Farseeing manufacturers (and there are many of them) realize that this doesn't mean anything in the direction of long-term progress. These stable, farsighted manufacturers keep on trying to improve their products through research, through improved packaging and through reduced manufacturing costs. At the very least, they increase prices only as it is absolutely necessary to do so, and in many cases they keep prices unchanged and get by on a reduced margin per unit in order to make the consumer price the same as it had been in the past. These farsighted manufacturers continue to build up consumer demand through sound, carefully considered advertising and merchandising programs because they realize that, after the hysteria is over and the Federal taxes begin to mount up, the chances are that all they will have after the emergency is a consumer franchise in the form of a basic consumer demand for their brands. In other words, these manufacturers *do not* make the mistake of assuming that *no sales problem* means no marketing problem.

HERE are the questions that any manufacturer selling consumer goods should ask himself, and he must not only ask these questions but he must also determine the answers.

(CONTINUED ON PAGE 75)

March 1942

The Hoarder

He's loading up with rubber balls,
And hoarding many cans of beer,
Steel chisels, nails and overalls,
Red underwear and iron deer;
He's laying in hot-water bags,
And wants to buy a fishing-net
And store away some metal tags—
They're going to be hard to get!

II

He's on a hunt for flowerpots
And anxious for some rope and wire;
He's out to buy a lot of cots
And wants to get another tire;
He's piling up canned groceries
And rubbers for some weather wet;
He shops for doorknobs and for keys—
They're going to be hard to get!

III

He's putting in a stock of pens,
Some copper pipe and paper plates;
He's buying grates and turkey hens,
Asbestos gloves and iron gates;
He's looking for more fishhooks and
He'll buy a flute or castanet;
He'll even buy a load of sand—
It's going to be hard to get!

IV

The icepick crisis worries him;
He's buying articles of zinc;
He thinks the sugar outlook grim;
He's bought six years' supply of ink;
He fears that arch-supporters may
Go into the war effort yet;
He's just put in a load of hay—
It's going to be hard to get!

V

Cuff buttons, razor blades and tacks,
Electric light bulbs, shaving creams,
Shoe laces, hats and open hacks—
Are being gobbled up (it seems);
He's phoning for a starboard light,
Six widgets and a cravenette,
Two dozen gaskets and a kite—
They're going to be hard to get!

VI

He's ordering a case of tripe,
More toe-clips, combs and rubber heels,
He's bought a load of iron pipe,
Electric fans and buggy wheels;
Although unmarried all his life,
He's checking over girls he's met;
He thinks he'd better find a wife—
THEY'RE GOING TO BE HARD TO GET!

H. I. PHILLIPS in The Sun Dial

(REPRODUCED BY SPECIAL PERMISSION OF THE AUTHOR
AND THE ASSOCIATED NEWSPAPERS)

Who Owns the Banks?

ALBERT W. ATWOOD

Mr. ATWOOD's articles on various aspects of the financial and economic scene appear frequently in *BANKING*.

READERS of this magazine need not be told that the country's banking system is well equipped to meet wartime strains. Its liquid condition, its ability to make loans and its patriotic desire to facilitate the sale of government bonds—all this is a twice told tale.

But there are elements of strength in the banking structure of peculiar significance at times like this regarding which almost nothing has been said. I refer especially to the essentially local character of ownership of the 14,855 banks.

This does not necessarily mean that every separate unit is in strong hands, but it does mean that speaking broadly banks are free not only from the dangers of stock market slumps and booms, but for the most part from the ill effects of speculation. It means that raising new capital does not assume the dire proportions of a national problem, which is the case with some industries. It gives banking, by and large, a stability that well befits a wartime economy.

It is a curious fact that almost nothing has been written about the ownership of the country's banks. Even the TNEC, which for several years searched every nook and cranny for evidences of "concentration of economic power," and which has published a thousand page study of ownership of the 200 largest non-financial corporations, does not treat of bank ownership in its extensive hearings or in its more than 30 monographs.

JUST why the nature and distribution of bank ownership should receive so little attention is not altogether easy to explain, because banking was practically the first economic activity in this country to take on the corporate form, and bank shares have thus had a longer market history, as it were, than those of any other industry.

But for one thing banks are highly individual; each bank is different in respect to ownership and many other characteristics. Then too, with only a few exceptions, banks are still essentially local in origin, personnel and the results of operation. To each bank the character of its ownership has seemed largely a private and wholly a local matter, with no necessity for publicity.

Nor have more than a very few bank stocks ever been listed on any exchange, and these were only of the very largest banks. Indeed, even these very few stocks, with one or two exceptions, were removed from the exchanges after the unfortunate experiences of 1929. Thus there has been no apparent reason, or demand, for the publication of the details of bank ownership by any of the numerous governmental agencies which regulate banks, such as the state banking departments, the Comptroller of the Currency, the Federal Reserve, the RFC and the

FDIC. On the other hand the agitation which led to setting up the Securities and Exchange Commission made it incumbent upon that body to assemble and publish great masses of data concerning the ownership of utilities and industrials.

Yet intrinsically there is every reason why the facts of bank ownership should be of keen interest not only to bankers themselves but to many other businessmen. If such ownership generally is of a type which is not inherently strong then the fact cannot be brought out too soon. Such questions as whether the trend in ownership is toward wider or narrower distribution, whether a bank is better with concentrated or widespread ownership, and whether directors and officers should be large stockholders—all these are timely in periods of crisis and normalcy alike, because they go to the heart of economic policy.

THESE highly important questions cannot be answered authoritatively without a detailed analysis of many thousands of banks, and this extensive piece of research apparently has never been attempted. But the ordinary financial manuals furnish the actual number of stockholders, common and preferred, for each of several thousand banks. By a careful sampling of these figures and by first hand inquiries among a group of banks, of varying types and sizes, numerous facts, at once highly interesting and pertinent, are brought to light.

In the first place the broad, general tendency, despite many individual exceptions and all manner of strange cross currents, seems to be toward greater numbers of stockholders and wider distribution. No one knows how many bank stockholders there are, but the number is probably between one and a half and two million.

Each of the 14,855 banks has a different setup. But a very common and typical example is a national bank in a certain medium-sized manufacturing city in Pennsylvania. It has deposits of \$9,000,000 and 385 stockholders. For banks with deposits of from \$2,000,000 to \$50,000,000 the number of stockholders may range from 150 to 350, although many have a smaller number.

OCCASIONALLY a bank with several millions of deposits may be owned by as few as 40 or even a smaller number of stockholders. Here and there are banks in which one family owns 50 per cent or 60 per cent of the stock, but there are fewer of these than is commonly supposed. Of course there are many banks where a particular family has an outstanding managerial position, but that is a very different thing from ownership.

As a matter of fact it is doubtful if any other industry, which is essentially one of localized units, has such widespread ownership. The local department store and the local newspaper are usually owned by one man, not, like the banks, by 100 or more of the leading substantial

business and professional men and some retired farmers.

Speaking very generally, the number of stockholders tends to increase as the bank grows in size and as we pass from smaller to larger cities. Yet there are many striking exceptions. One large city bank with \$200,000,000 deposits has 1,668 shareholders, but would require from 10,000 to 15,000 to equal the ratio of many smaller banks.

Beginning about 1925 many banks, big and little, wisely in some cases and perhaps unwisely in others, reduced the par value of their stock to \$25, \$20 and \$10, thus attracting many new small holders. Speaking very generally there is a relationship between the price of the stock and the number of holders. As one dealer expressed it: "The average buyer shies away from high priced bank stocks except when times are very good."

It goes without saying that a very definite, indeed a drastic, change in bank ownership took place immediately after the "bank holiday" of 1933, when so many banks were reorganized. Thousands of stockholders were wiped out and depositors were compelled to take stock in the reorganized banks. In some cases these new stockholders were large business concerns, such as manufacturing companies, utilities and department stores, and they have tended to "get out even" as the reorganized banks have prospered, with the result that the stock has gradually been redistributed among the local investing public.

Ownership has greatly narrowed in some reorganized banks and spread out enormously in others. There are cases where quite small reorganized "country" banks now have several thousand stockholders. Just what effect the elimination of double liability has had, which followed close upon the bank holiday, is difficult to estimate.

Several bank officers inform me categorically that it has had no effect, and others insist that it has made the investment more satisfactory. The probabilities are that if this action had not been taken there would have been much greater difficulty in increasing common

stock capital, either to care for growing business or to pay off preferred stock held by the RFC.

If we turn to the thousands of banks which came through the depression without the necessity of reorganization, there is one tendency in ownership which stands out, particularly if the bank is at all old. I refer to the steady distribution of holdings through death, inheritance and the split up which comes with inheritance.

In New York City, which naturally has the most definitely organized market for bank stocks, ask a dealer where he gets his supply and his invariable answer is that "dead men sell." This has been particularly true of one situation where four extremely large and wealthy director-stockholders died within a relatively short period, and the estates have sold large blocks of the stock.

But of course dead men do not always sell bank stocks; quite the contrary. Leaving out of reckoning the very large and wealthy owners of metropolitan banks, the prevailing tendency is for dead men's stock to pass into the hands of heirs, into trusts and estates. This is particularly true where there has been a long continuity of dividend payments. Throughout the country there is a constant passing of larger blocks of stock into smaller holdings through the natural course of inheritance.

THIS has its unfortunate side. The president of the leading bank in a city of 80,000 writes me: "I could name any number of cases where the father was a powerful constructive force in the community, but when his stock passed to his children it soon developed they weren't worth a damn to the bank."

The president of a smaller bank in a smaller community writes that he has 85 stockholders:

"Of the total of 85 my impression is (looking them over carefully) that some 32 do no business. Or put it this way—they are not customers of this bank; but many of them have been in the past. This bank has been in business since the Civil War and I, knowing the ante-

(CONTINUED ON PAGE 72)

Mr. Atwood emphasizes the "essentially local character of ownership" of American banks. This community aspect is well illustrated by the Kanabec State Bank of Mora, Minnesota, which gives an annual banquet and "home talent" entertainment for its stockholders. President Frank P. Powers presides at these functions, one of which is pictured below. The clipping is from the local paper



March 1942

BANK ENTERTAINS ITS STOCKHOLDERS

Annual Kanabec State Bank
Party Held Monday Evening,
Rural Credit Head Speaks.

The Kanabec State bank gave its annual stockholders party at the creamery auditorium last Monday evening. The bank has seventy stockholders. Those present included the stockholders and their wives, the bank's staff and invited guests, including a number from the twin cities and elsewhere, which made a total of nearly two hundred.

Besides the excellent dinner served by the ladies' aid of the Emmanuel Baptist church, an interesting and en-



The Round Table



O.K.

Anonymous officer on
a U. S. Navy pursuit plane

SIGHTED sub. Sank same.

Work Now, Talk Later

DONALD M. NELSON

TO hell with this business of waiting to see how much it will cost. You [industrialists] get production going and we will argue about the terms and details as we go along.

Smugness

Supreme Court Justice
OWEN J. ROBERTS

I CANNOT understand the smugness of the United States. I cannot understand its complacency.

I don't have to tell you that this country faces a crisis the like of which it has never known before. We've got to take our courage into our hands, and we've got to say that our willingness to serve and to sacrifice must be doubled and then redoubled for the sake of those who are at the front and for the sake of those who are at home.

To the Bitter End

WINSTON CHURCHILL

MR. ROOSEVELT's last words to me were: "We will fight this through to the bitter end, whatever the cost may be."

Sure Victory

HERBERT HOOVER

AMERICA cannot be defeated in this war. Nations can be defeated only by invading armies or by starvation from blockade. Neither can happen to the United States. But we have far more than that simple defense. We have set our hands to the plow. We must turn under the weeds in this earth and we must prepare the soil where a lasting peace can grow.

Food Will Win

Secretary of Agriculture WICKARD

FOOD will win the war and write the peace. When the time comes to sit at the peace table the existence here of a great reserve of food will reinforce our views as to what the peace will be.

The Women

Ambassador JOHN G. WINANT

IF it is necessary for the women of America to scrub, or drive, or transport, or man anti-aircraft batteries, or pilot planes, or whatever else, they will do it gladly. Idleness has been no part of our American life.

Work, Work, Work

Lieut. Gen. WILLIAM S. KNUDSEN

WE have to have more work, more hours and more effort by everybody. The picture shows we are making progress, but we have a long way to go before we are really in war production. I want to make that very plain.

Getting and Giving

MARRINER S. ECCLES

IF this war is going to be fought on the basis of what we are going to get out of it, instead of what we are going to put into it, then we are going to lose it. So long as the only interest labor has in the problem of production is to get greater wages, and so long as the only interest that business has in it is to get greater profits, and the only interest the farmer has is how he is going to get higher prices for his product, then we have many tears and much blood to shed.

No Superstate

Dr. PAUL F. CADMAN, Economist,
American Bankers Association

AS a people we are fully ready to accept the restrictions on the exploitation of our fellow men, but we are not ready for government ownership; we have no faith in bureaucracy; we do not believe that wealth can be created by decree; and we are far from ready to accept the dictates of a superstate, managing and directing the the production and distribution of our wealth.

Footnote for History

Lord BEAVERBROOK, British
Minister of War Production

IT was in the President's library that we met. The President was surrounded by some of his ministers and staff officers. Mr. Churchill put forward his case for the dispatch of American troops to Northern Ireland. He spoke with fervor. He argued with conviction. He set out his facts in orderly arrangement. His case was persuasive indeed.

When he had finished, the President said, "We will send troops."

I anxiously awaited the viewpoints of the American ministers. The distinguished chiefs of staff one after the other spoke, all supporting that decision.

If the Washington conference had ended then, if nothing else had been discussed or determined, the mission would have been worth while.

Good Advice

Ambassador LAWRENCE A. STEINHARDT

THESE are days when people should keep their mouths shut.

Maintaining a High Grade Staff

J. STANLEY BROWN

The author is Personnel Director, Chemical Bank & Trust Company, New York.

IN his book, "Promises Men Live By," Economist Harry Scherman tells the fable of a student who, wanting to conduct a chemical experiment, melted 3,500 pennies into a single lump of copper and alloy. The experiment concluded, the student was chagrined to discover that his metal was now worth, not 3,500 pennies, but only about 200.

Men and women are like that, too. Fused into mass, they lose the individual characteristics which the employment manager thought he was getting when he put them on the payroll. Conversely, every successful method for restoration of those individual personalities and characteristics increases the value of the whole.

Never has recognition of that truth been more important than today when, our working forces being short-handed and "green," we must exert every effort toward maximum efficiency. Quantity of personnel is passing rapidly out of the realm of possibility; wherefore we must more and more rely upon quality.

IN the first place, "quality" and "blue blood" are not necessarily synonymous, in the sense that we use the former term. That fact is perfectly exemplified in the experience of the business organization which, having decided to feminize its bookkeeping department, employed the daughters of executives of other corporations. Since that organization wisely recognized that the payroll value—that is, the competitive value—of beginners increases much more rapidly than that of "seasoned" employees, the salaries of those new girls were increased rather rapidly. Starting at \$800 per annum, they went to \$950 after six months, and \$1,100 at the end of one year. Turnover, however, was tremendous. Finally, determined to stop the turnover once and for all, management increased the whole group to \$1,300 per annum—before any of them had been in service (or in business life) a year-and-a-half.

But turnover continued, until finally management recognized the trap into which it had fallen: those young ladies had no more respect for \$25 a week than they had for \$20, because everything in their previous experience—including the salaries of their fathers and brothers—had been geared to a much higher level. Always before,

Now as never before we must all show an interest in personnel administration. An employment manager can recruit personnel—at least he can get his share of it from the available pool. But, having put Jimmy James on the payroll, the employment manager can do comparatively little to keep him there. That's the concern of supervision, of operating management.

they had thought in terms of hundreds of dollars a week; now they were simply not equipped to derive any satisfaction from the fact that their abilities and a sudden upsurge of the employment market had combined to give them comparative "success" in a very short time.

Another pitfall lies in ignoring a distinction mentioned above. Suppose, for instance, that a certain bookkeeping department has six employees, three of whom are experienced and the others "green." The assumption that the three experienced employees are going gratuitously to carry the "green" ones is to expect something beyond the capacity of ordinary human nature. Before turnover began, each of the bookkeepers was experienced and each was receiving—let us say—\$30 a week, so the total bookkeeping payroll was \$180 a week. Now, however, the total bookkeeping payroll is only \$135 a week; three "experienced" people at \$30, and three "green" ones at \$15. The seasoned employees are well aware of the fact that they are carrying the greenhorns, that the department is costing \$45 less per week to run; and, in return for the extra burden, they want a part of that \$45. And why not?

HOWEVER, if those three seasoned bookkeepers are now receiving anywhere near top salary for their classification, the extra money had better be given them as overtime or bonus, unless management wants to tumble into yet another pitfall. Since the value of beginner employees increases much more rapidly than that of experienced people, it follows that they must receive more frequent salary consideration. So the \$45 weekly saving mentioned in the preceding paragraph is merely temporary; if those three "green" employees are any good at all, they will soon qualify for every cent of it. But if management has meanwhile granted to the three experienced people any large part of that \$45, how will the requirements of those rapidly-rising juniors be met?

But I wonder if, in our search for quality, we may not too often wander far afield? For instance, only a very few managements will seriously contend that they or their staffs have been working at anything like capacity over the past 10 years or more; in which case, it would seem as though we ought to be able to produce considerable additional quality by tuning up our present organizations, depleted though they may be.

When we discuss quality versus quantity, let's not set our sights too low. Let's not spend too much time criticizing the sulky messenger or bookkeeper, and too little criticizing the supervisor who got him that way. After all, *esprit de corps*—morale, if you choose—does not just happen. When the new worker first goes on the payroll, to him it's just a payroll. He doesn't know—or care, yet—about the splendid qualities of the goateed gentleman who saved the institution—and the nation—in 1892. He wants to know what *present* management is doing.



GENERAL MOTORS

The American

It will not resemble the city you saw at the World's Fair Futurama, says Dr. Reed, an eminent authority on municipal planning

IN THE midst of war prepare for peace! It will be just as bad to be caught napping by a post-defense reaction as by a Japanese air fleet—perhaps worse in a business sense.

Buildings can be rebuilt and personnel replaced, but a really busted bank is gone forever. That is why it is important to determine now in what kind of city banks will be doing business when the war is over.

The future is never wholly revealed to us. There is an element of risk attached to every dollar a bank loans. There are, however, certain things about the future of American cities which can be predicted with sufficient certainty to be helpful to bankers in planning an after-war program.

In the first place, you can put it down for fact that the actual city of tomorrow will not resemble the model city you saw portrayed in the futurama at the New York World Fair. It will not, except in the unlikely event of destruction in a bombing raid, be an all new city, but will remain as cities are today—a mixture of old and new, with the old predominating. Pictorially it will be disappointing, for it will look much like the city of today, perhaps better, perhaps worse, depending to some extent on what banks do about it. Certainly a citizen of today, returning to a post-war city of 1960, would have no difficulty in recognizing it.

The post-war city will be, judged by traditional American standards, a slow growing city—from nothing to 15 per cent per census period. The small cities of less than 100,000 will grow faster than the large ones. The most rapid increases will be found in the small satellites of big cities. There will be no mushrooming of population such as characterized the era of industrial expansion and is now evident around defense plants. City birth

rates, except for very small cities, have long been too low even to maintain present populations.

Banking success in the post-war city will call for banking statesmanship. There will be no lack of opportunities for its display in the city's redevelopment.

The post-war city will be less densely populated than the large cities of today but will spread over a much wider area. For 30 years there has been observable a steady and increasing migration from the centers of cities to their outskirts, extending in most cases far beyond the municipal boundaries. Nearly everywhere people are leaving the old congested portions of cities and seeking new homes in the spacious suburbs.

THIS movement is already resulting in a progressive deterioration of the older residential areas. A relatively small proportion of these areas has been reduced to slums. Much more general is the dilapidation, obsolescence and loss of value expressed by the word "blight." The city of tomorrow will have fewer slums than its contemporary counterpart. The declining density of population, plus nationally subsidized efforts at slum clearance, should see to that, and it will be a great social gain. Unless, however, present trends, stiffened as they are likely to be by defense housing in outlying areas, are reversed, the much more devastating economic influence of blight will spread with greater intensity over the old residential districts, until they lie like a belt of waste and desolation, between the central business district and the populous suburbs. If events go that way, the post-war city will not only look worse but, since cities rely primarily on property taxation, it will be fiscally less competent to deal with the growing problem of providing extensive streets, sewers, schools and other facilities for its widely scattered population. What is even more important to bankers, the spread of blight will have extinguished the value behind many a mortgage and brought to ruin many a good depositor. In the slow growing cities of the future blight will be a menace to bank security and community prosperity.

THERE is, happily, an alternative to such disaster. It is usually referred to as the rehabilitation of blighted areas. *Rehabilitation*, however, is scarcely the word; *regeneration* or *transformation* would be better. It cannot be accomplished by even the extensive application of minor and superficial improvements—flippantly referred to as "face lifting"—to existing structures. Face lifting may stay the march of decay for a time in an otherwise attractive locality, but that is all. Deep-seated blight can be cured only by a major operation which establishes a pattern of living not too different

City, Post-War

THOMAS H. REED

from that in the outlying areas. Something may be allowed for greater accessibility, but density of population in a district redeemed from blight, leaving out of consideration the relatively small number of high rental apartments, cannot be stabilized at a point much above that further out. For, whether in formerly blighted or virgin territory, the post-war city dweller will not willingly live under the crowded conditions which have been characteristic of big city life.

Whether remedial steps are taken or nature is simply allowed to take its slow course, with all the disastrous intermediate consequences, depends to a large degree on the initiative and leadership of bankers in promoting a program of regeneration. The cooperation of public authorities on all levels of government must be secured. Legislation like that adopted in New York last year, providing for redevelopment corporations with powers of eminent domain and temporary exemption from taxes on the improvements made—under proper governmental supervision—seems necessary to ensure the large-scale intervention of risk capital. Cities must be persuaded to divert at least part of what they have been spending to make it easy for people to live in the outskirts, to making life more attractive near the center. Open spaces, ornamental squares, playgrounds and a new street layout which will allow for these things and for quiet, trafficless streets in each neighborhood, are essential to this "new order" in urban living. Of no less importance will be the replanning of the blighted school buildings almost invariably found in blighted areas, with cheerful, safe and sanitary ones.

City officials see the suicidal effect of more and more traffic facilities, costly new services in newly populated districts, and failing real estate values at the center. It should be easy to get their cooperation. Loans should be available for large-scale redevelopment projects and for small ones which dovetail with a constructive plan of action, and it is the merest self-interest on the part of banks to promote the making of such plans. Just going on making FHA guaranteed loans in growing sections is putting part of the bank's money to work in a way which helps to ruin the security behind the bank's investments. FHA policy should be so modified as to discourage hit or miss, badly planned developments in virgin territory, and more effectively encourage the redemption of blighted areas.

Finally, bankers should bear in mind that it is better to sacrifice part of an "asset" than to lose it all. The greatest obstacle to redevelopment is the fantastic no-

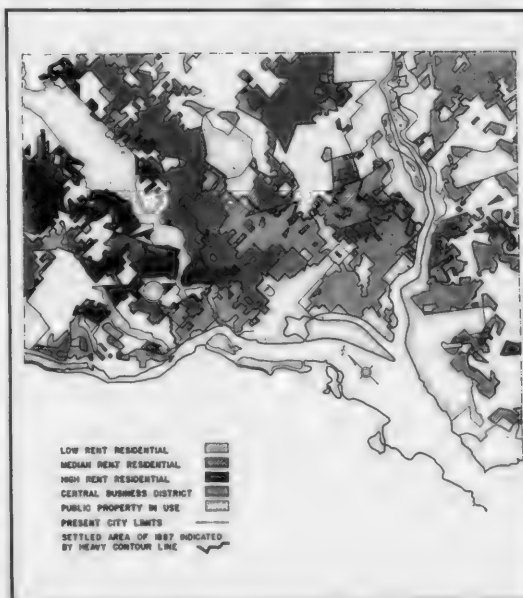
tion of land values which obsess the owners of blighted property and which seem to expand with every suggestion of slum clearance or blight regeneration. Banks at least can adopt the realistic principle that a piece of property is worth the reasonable capitalization of what it will earn when appropriately "improved." They should look at their blighted holdings as a unified problem in solving which it may well be worth while to give up lots or parts of lots to facilitate redevelopment.

So far, we have been looking at the post-war city as a place of residence. Equally significant changes, however, are scheduled to take place in its business aspect. Decentralization is at work there too.

You need not be surprised, therefore, to find in the post-war city a considerable narrowing of the central business district. There will be little left of the non-descript fringe—neither business nor residence—which in many instances displays for blocks the blasted hopes of speculative real estate owners. These areas will be devoted to residence or abandoned to blight, according to the quality of community leadership.

There is not space here to deal with what the post-war city will be like, politically, recreationally, or educationally. Not that these are not important factors in community living, but they have less direct effect upon the business of banking. Cities will be forced by the pressure of rising prices and wages and the demands of the Federal Government on the taxpayers' dollar to economize. This may take the form of lessened services or of greater administrative efficiency. We prefer the latter alternative. The American people are at their best when their ingenuity is tested by necessity.

This chart, showing distribution of rental areas in Washington, D. C., in 1934, compared with settled areas in 1887, would show striking changes were it compared with today's national capital. The chart is taken from the FHA's book "The Structure and Growth of Residential Neighborhoods in American Cities," prepared while Dr. Ernest M. Fisher, now director of research in mortgage and real estate finance, American Bankers Association, was FHA economic adviser





THERE are many wrong things a person can do when he draws a check. Here are several of them, against which any bank would do well to warn its depositors. Let's make them into a list of *don'ts*:

1. *Don't overdraw*: Before you write a check, make sure that you have enough money in the bank to cover it. If you have entered all your prior checks properly on the stubs, you ought to know to the penny how much your balance is.

Don't draw a check against money you expect to receive, hoping that your check will not reach the bank until after the incoming check. Payments that we are looking for sometimes fail to arrive.

2. *Don't draw a check that will defeat your purpose*: In other words, make sure that a check will accomplish what you have in mind. Every once in a while, for example, someone draws a check in anticipation of death. The drawer wishes to avoid making a will, to evade the imposition of an inheritance tax, to provide ready cash for a survivor, or to accomplish some other purpose more or less worthy or unworthy. He doesn't know that the bank will dishonor a check when it knows of the maker's death.

ANOTHER person will write the check's purpose on its face and think that settles everything conclusively. He may think, for example, that writing "payment in full" on the check relieves him of all further obligation to the payee when the check is accepted. Such is the case, of course, only when the amount due is under dispute. Before using a check for any purpose, the depositor ought to know just what the consequences will be. If he is in doubt, the bank will be glad to advise him.

3. *Don't use a check form that has been damaged*: If the blank is badly wrinkled or crumpled, or if it has been smeared with dirt or grease, it may be relatively easy to alter without detection. At best, it will be under suspicion. When your check leaves your hands it should be neat, clear and clean, so that there will be no doubts about what you wrote.

4. *Don't write with a pencil*: Legally, a pencil-written check may be wholly valid, but it is so susceptible to alteration that few persons would accept it. Many banks reserve the right, by agreement with depositors, to refuse to honor such checks, but even in the absence of such agreements they are justified in refusing them.

Persons writing many checks, or checks for large amounts, would do well to use a good, standard safety

paper and mechanical check writing equipment of established, recognized character. A depositor having a small personal account usually does not feel justified in taking extraordinary precautions, but whether he uses a pen, a typewriter or a rubber stamp he should not invite check-raising by issuing a check that can readily be altered.

5. *Don't leave the date line blank*: The law says that an undated check is payable on demand, but don't rely too much on it. While the bank can, with impunity, pay such a check upon presentation, usually it refuses to do so. This is a measure of protection for the depositor. The date, you see, is a material item in a check, and who can tell when an undated check was issued? It might have been so long ago that it is now worthless.

Perhaps the check which left your hands undated has a date on it by the time it reaches the bank. The date is in a different handwriting, and that makes it suspicious. Probably the inserted date is not the one you intended; it might even nullify your intentions.

6. *Don't date a check back*: This makes an inaccurate record which may require you to explain why you did not insert the true date and cast discredit on your records generally. The insertion of a considerably earlier date may make the check "stale," to the inconvenience of the bank and to the injury of your credit if the bank should dishonor it. The ante-dating may be more serious if your account couldn't pay it on the date specified.

7. *Don't date a check ahead*: A check with a future date is not a check at all, but only a promissory note. Nevertheless, you are likely to think of it as a check, and it may upset your calculations. If you issue a check today, let it bear today's date.

8. *Don't alter a date*: Probably more mistakes are made in the date than in any other part of the check. You forget that the first of the month or the first of the year has passed, or you think it's the third instead of the fourth. It seems a minor matter, but still you wish to be strictly correct, so you change the three to a four or you cross out February and write March over it. Don't do it. That constitutes a material alteration and the bank will refuse to honor that check.

9. *Don't fail to number your check*: Your check form probably carries a short line in the upper right corner for a number. Put that number in. The practice of numbering your checks consecutively will help you describe the check more completely in the event that you wish to stop payment. It will help you reconcile your canceled

checks with your monthly statements and your balance as shown by your stubs. It will help detect more readily a check that may have been forged against your account.

10. *Don't leave the payee line blank:* Ordinarily, nobody would do this. Occasionally, however, you may wish to issue a check to some person or firm whose exact name you don't know. You let the payee fill it in for himself, believing that he, naturally, will fill in the right name. Suppose, however, that the check should be lost or stolen. The finder or the thief could cash the check without difficulty, and you still would owe the money you thought you had paid. Take pains to learn the payee's name and write it in. Don't invite trouble.

11. *Don't draw a check payable to "bearer" or to "cash":* This is just as reckless as to pass out dollar bills. Such a check is thoroughly negotiable.

About the only time it is safe to draw a check to "cash" is when you are making a withdrawal at your bank. In such a case, the check will not be negotiated.

12. *Don't use abbreviations or shortened forms in the payee's name:* The purpose of this rule is to make alteration difficult. Suppose, for example, you were to issue a check to the May Company, but should write it *May Co.* If it should fall into the hands of some dishonest person, he would find it a very simple matter to extend the payee name to read *May Cohen*, endorse with May Cohen's name, and cash it at some neighborhood store.

Spell out the payee's name in full. Make sure there is no possibility of a suffix or another word being added, that would change the payee to someone else, real or fictitious. If a check is made out to *Mrs. Smith*, it is very easy to change it to *Mrs. Smith C. Clark*.

13. *Don't leave blank spaces on the payee line:* This means spaces both before the name and after it. What is to prevent a crook from changing *Charles Brown* to *John Charles Brown* if you open the front door for him to come in and do it?

Write the payee's name immediately after the words "Pay to the order of," with no space to spare. If the name is too short to reach the end of the line, draw a line with your pen, out to the line's end. If you type the check, a full row of asterisks will serve the same purpose.

WITH companies sending out large numbers of checks, it has become a common practice to typewrite the payee's name and address in the payee space. A window envelope is used for mailing, and the name and address on the check eliminate the necessity for addressing the envelope. Here, too, is room for alteration. Suppose the payee of such a check were typed like this:

The Johnson Corporation
231 Fifth avenue
New York, N. Y.

It is a simple matter for a thief to run the check through a typewriter and have it come out reading like this:

Wilbur E. Doakes
c/o The Johnson Corporation
231 Fifth avenue
New York, N. Y.

Whether written with pen or typewriter, the check should have no inviting spaces in the space designated for the payee. In such a case as just cited, trouble could

A Little More Care

"BANKS make things easier for themselves when they do anything that leads depositors to exercise a little more care in the handling of their accounts," says one banker. "You'll find some persons, of course, who are not interested in being careful merely to save trouble for us bankers."

"It is conceivable, too, that some would not be careful even to protect their friends or themselves from the possibility of petty annoyance. They will, however, take a few precautions when we point out to them the possibility of some swindler getting their money or having it go where they didn't intend that it should go."

be avoided by setting a row of asterisks immediately above the name of the payee.

14. *Don't leave spaces on the figure line:* Write the first figure smack up against the dollar sign. Have the line showing the fraction of the dollar start close to the last dollar figure, with not a hair's breadth intervening.

15. *Don't fail to write the fraction of the dollar:* This rule holds even if there is no fraction or no cents to pay. Write 00/100 or 83/100, as the case may be.

16. *Don't leave spaces on the written payment line:* This means spaces before the words, between them, and at the end. In one celebrated case, a check-raiser had no difficulty in taking a check reading "Twenty seven and no/100 dollars" and changing it to read "Twenty seven thousand no/100 dollars." It was cashed.

17. *Don't write one amount in words and a different amount in figures:* Under the law, if there is a discrepancy, the correct amount is considered to be the one written in words. In actual practice, however, and as a matter of common sense, someone along the line nearly always refuses to honor such a check. Clearly, the maker of the check has made a mistake, and it might as well be in one place as the other. The chances are that such a check would be sent back to you by the bank.

18. *Don't sign the wrong name:* It is simpler to fall into an error of this kind than you might suppose. If your name should be Thomas Walter Jones, you might sign it that way, in full, or you might sign Thomas W. Jones, Thos. W. Jones, T. Walter Jones or T. W. Jones. Only one of them would be good, however, on a check — the one which corresponded with your signature on file.

19. *Don't make corrections:* If you have made an error in the name of the payee, in the amount, or in any other item, tear up the check and write a fresh one. A material alteration makes the check void.

20. *Don't neglect to enter all the details on the stub:* The only time to do this is while the check is still before you. Don't be in so much of a hurry that you leave it for some later time. Memory is a treacherous thing.

21. *Don't tear the check from the check book until you have compared the items on the stub with the items on the check:* Be sure that they agree. These items include the date, the number, the payee's name, the amount in figures and the amount in writing.

Having these precautions in mind, you may now issue the check, reasonably confident that it is valid and safe. Omit any of them, and you cannot be sure.

Time for Personnel Questions

WILLIAM POWERS

MR. POWERS, director of customer relations, American Bankers Association, contributed "Cost of Living Bonuses" to the January issue.

THE following questions and comments are reflections of conditions and opinions discussed with operating and personnel officers in many sections of the country:

Is there a widespread, serious increase in the turnover of bank personnel?

IN defense activity centers—and there are already more than a hundred such spots—personnel turnover in 1941 ranged as high as 40 per cent. With the new draft law affecting men 20 to 45 years of age and with the possibility of military actions requiring 7,000,000 men in the field supported by 70,000,000 behind-the-lines workers, it seems likely that bank losses in man power, especially in defense areas, will reach 50 to 60 per cent in the next year or two. Of course, banks in other sections will not be hit so hard, but there is no doubt about their turnover being markedly increased.

Are banks having difficulty in obtaining replacements?

DURING normal years banks obtain the majority of their new staff members from the graduating classes of high schools, universities, and business colleges. But, under present conditions and with a rapidly expanding need for personnel replacements, banks in a sizable number of cities find that these three sources of prospective employees are drying up. One personnel officer on the West Coast, being unable to obtain any new people from his local high schools, took a trip back to his old home town, 500 miles distant, where he interviewed and hired a number of graduates who were young enough to be exempt from the draft and whose services had not yet been bid for by other lines of activity.

What other sources of man power can we tap?

IF the war continues for an extended period, there can be no sidestepping the fact that banking, not being classed as a defense industry, will have only two other classes of men available to it, the youngsters and the oldsters. Some banks are now giving consideration to employing, where state laws permit, high school undergraduates who will complete their courses while working at least part time. The necessity for and the practicality of this step may not seem so far removed when we note that thousands of fighting "men" now battling in the cold of Russia and the heat of Africa are teen-age boys.

Other banks are going to the opposite end of the age line for their replacements. Retired men are being called back to their institutions to fill in until the soldiers, the sailors, and the airmen return to their former jobs.

Is the number of women in banks rising appreciably?

YES, and noticeably so. Although the marriage rate among bank women has taken a decided jump in the past year, this has not materially reduced the number of female employees because there has been a rather general reversal of the banks' former policy against retaining married women as employees. Banks are also recalling former clerks who left to be married prior to the policy reversal and, as you undoubtedly know, many new women are being hired as additions or replacements.

Banks with 30 per cent of their staffs being of the fair sex are quite common, and some personnel officers are anticipating, perhaps hoping for all we know, that before the "duration" is over we may see the feminine content run as high as 60 per cent.

With restricted working hours and a lot of inexperienced staff members, should banks take the time to train their employees in customer relations?

NO one cares to minimize the difficulties involved in the necessary manual training of the thousands of novices who are now in the banking business, but there should be grave concern over the attitude of operating officers who are inclined to concentrate on manual training to the complete exclusion of training in customer relations. The need for training in customer relations becomes progressively more important as the percentage of new employees in banking increases and as war conditions multiply the difficulties of rendering proper customer service. With a shortage of man power and with an insufficient supply of mechanical equipment, the manner in which staff members handle customers may be more important than the manner in which they handle a customer's business. In other words, uncontrollable breakdowns in routine customer service during the war may be very effectively offset and goodwill may still be retained, if employees are capable of explaining such situations to customers and obtaining understanding.

Does overtime constitute a major problem in many banks?

MORE frequent occurrence of extra-heavy peak loads which have to be handled by inexperienced help naturally causes overtime problems. However, some banks are taking what might be termed a liberal attitude toward payment of overtime. They have established rates considerably above those approved by the Wage-Hour Administrator, and they are giving their regular employees the opportunity of earning additional pay, in preference to hiring extra part-time clerks who may be unavailable when needed or prove inefficient.

VICTORY *is our* BUSINESS



ON these pages BANKING offers a cross section of the banks' war work.

Essentially a clearinghouse of ideas, our picture section this month covers a wide variety of services—Savings Bond promotion; sale of Tax Anticipation Notes; loans to industry; bank investments; school savings; payroll savings plans; etc.

BANKING hopes that the pictures and stories of actual accomplishments will be helpful as a method of exchanging suggestions on new channels through which banks can serve.

Next month we'll have more.



Out of Current Income

THE rapid growth of payroll savings plans as a means of financing Defense Savings Bond purchases by large sections of the public, helps keep the buying of bonds in the channel the Treasury marked out, namely, "Buy Out of Income!"

Secretary Morgenthau told the Advertising Club of Baltimore that the Treasury was circulating a table showing what the average income earner should be able to save for Defense Bonds. This yardstick, indicates that "it is entirely possible for our people to save almost \$11 billion a year from current income, not counting the additional billions which the larger investors can subscribe."





PAPIN

The Savings Bond lobby display of the Tower Grove Bank and Trust Company, St. Louis, is a constant reminder of Pearl Harbor. Topped by a large "Remember Pearl Harbor" sign is a row of flags, including Old Glory and the banners of 16 of our allies. Under the flags are eight maps covering the entire world. An arrow running from the Pearl Harbor sign to the Pacific map indicates the location of the Hawaiian Islands. See picture at the left

Buy As You Earn

THE Victory Club idea, offering a systematic savings plan for the purchase of United States Savings Bonds out of current income, was originated by M. Kenneth Frost, second vice-president of the DRY DOCK SAVINGS INSTITUTION of New York City, and was immediately adopted by his bank.

Wide acceptance by individual customers as well as corporations interested in devising payroll savings programs greeted the DRY DOCK's introduction of the Victory Club plan.

Early experience with the Victory Club by the DRY DOCK was so gratifying that the bank's officers agreed to make it available to other banks throughout the country through the National Association of Mutual Savings Banks. This association reports that inquiries being received indicate that many banks are either adopting the Victory Club idea in its entirety or some variation.

The Savings Banks Association of Massachusetts has approved the Victory Club and recommended that all of its members adopt the plan.

United States Treasury Department and Federal Reserve officials in Washington, in discussing the DRY DOCK's Victory Club idea with Oliver W. Roosevelt, first vice-president of the bank, expressed the belief that it had excellent possibilities.

Many banks offer a patriotically designed system by which the customer receives a membership paster and special coupon book which identifies the member as a participant in the Victory Club.

At right is a reproduction of the Dry Dock Savings Institution's lobby display of the Victory Club plan, on which the space for the bank's signature has been left blank to indicate the possibility of other banks converting the idea to their own use

On the Preceding Page

TOP TO BOTTOM, advertisement of Nashville's American National Bank promoting the sale of Savings Bonds; six-foot cut-out of Uncle Sam, in his traditional colors, designed for banks by the Advertising Department of the A.B.A.; second grade school children visiting the First National Bank of Palm Beach to buy Savings Stamps.

Bond Envelope

MORE than 1-3/4 million copies of the Savings Bond envelope devised by the Advertising Department of the American Bankers Association have been ordered by the banks since the inception of the Savings Bond plan.

With hundreds of industrial concerns and professional groups calling upon the banks for assistance in inaugurating and operating payroll savings plans for employees, the Department is suggesting that the banks use the envelope to carry their message to this large group of potential customers.

The most important New Year's Resolution you ever made

JOIN THE (NAME OF BANK)

VICTORY CLUB

and help
WIN THE WAR



"I hereby resolve on every payday during 1945 to not waste some part of my pay for U. S. Defense Bonds. If enough of us make and keep this resolution we can win the war."

To make it easy to buy Defense Bonds, the (Name of Bank) has organized the (Name of Bank) Victory Club which operates like the Christmas Club

37% CONSECUTIVE WEEKLY DEPOSITS OF...	
50¢ a week will buy a	\$25 DEFENSE BOND
\$1.00 a week will buy a	\$50 DEFENSE BOND
\$2.00 a week will buy a	\$100 DEFENSE BOND
\$10.00 a week will buy a	\$500 DEFENSE BOND
\$20.00 a week will buy a	\$1000 DEFENSE BOND

*Every member of the (Name of Bank) Victory Club will receive the above tables, free of charge. Your bond will be delivered to you in your name on completion of your payments.

NAME AND ADDRESS of BANK

(TRADE MARK)

ACT TODAY - MAIL THIS COUPON

Please send me complete details of the (Name of Bank) Victory Club. Also blank for printing the Victory Club

Name _____

Address _____

City _____

State _____

Zip _____

This Idea Works

PAYROLL savings plans are being developed and serviced by banks everywhere for the benefit of business and industrial concerns whose employees want to buy defense securities over a period of time.

Examples of bank promotion of this form of systematic saving are numerous. For instance, the **ST. JOSEPH VALLEY BANK** of Elkhart, Indiana, sent a letter to 91 industrial plants in that city, announcing that it had installed a system for handling deductions from salaries and wages. The letter pointed out that for this service it received no remuneration whatsoever, "but we so definitely feel the necessity for the sale of Defense Bonds and the financing of the war, we are making our full facilities available to the public regardless of the time necessary to fulfill this obligation."

This letter, wrote Lewis S. Armstrong, vice-president and cashier, "is certainly bringing results." (St. Joseph's Savings Bond sales booth is shown at right.)



School-Bank Defense Savings

THE Savings Division of the American Bankers Association has worked with the Treasury Department and the United States Office of Education in developing plans by which the schools

The Treasury's Payroll Savings Plan Advertisement



A WAR MESSAGE to ALL EMPLOYERS

★ From the United States Treasury Department ★

Winning this War is going to take the mightiest effort America has ever made—in men, in materials, and in money! Every dollar, every dime that is not urgently needed for the civilian necessities of food, clothing, and shelter, must, if we are to secure final Victory, be put into the war effort.

An important part of the billions required to produce the planes, tanks, ships, and guns our Army and Navy need must come from the sale of Defense Bonds. Only by regular, week by week, pay-day by pay-day investment of the American people can this be done.

This is the American way to win. This is the way to preserve our democratic way of life.

Facing these facts, your Government needs, urgently, your cooperation with your employees in immediately enrolling them in a

PAY-ROLL SAVINGS PLAN

The Pay-Roll Savings Plan is simple and efficient. It provides, simply, for regular purchases by your employees of United States Defense Bonds through systematic—yet voluntary—payroll allotments. All you do is hold the total funds collected from these payroll allotments in a separate account and deliver a Defense Bond to the employee each time his allotments accumulate to an amount sufficient to purchase a Bond.

The Pay-Roll Savings Plan has the approval of the American Federation of Labor, the Congress for Industrial Organization, and the Railroad Brotherhoods. It is now in effect in several thousand companies varying in number of employees from 3 to over 10,000.

In sending the coupon below, you are under no obligation, other than your own interest in the future of your country, to install the Plan after you have given it your

consideration. You will receive—1, a booklet describing how the Plan works; 2, samples of free literature furnished to companies installing the Plan; 3, a sample employee Pay-Roll Savings authorization card; and 4, the name of your State Defense Bond administrator who can supply experienced aid in setting up the Plan.

To get full facts, send the coupon below—today! Or write, Treasury Department, Section B, 799 Twelfth St., NW., Washington, D. C.

HOW THE PAY-ROLL SAVINGS PLAN HELPS YOUR COUNTRY

- 1 It provides immediate cash now to produce the food, clothing, shelter, fighting equipment our Army and Navy need to win.
- 2 It gives every American—man, woman, or child—the opportunity for financial participation in National Defense.
- 3 By starting up savings, it will reduce the current demand for consumer goods while they are scarce, thus retarding inflation.
- 4 It reduces the percentage of Defense financing that must be placed with banks, thus putting our emergency financing on a sounder basis.
- 5 It builds a reserve buying power for the post-war purchase of civilian goods to keep our factories running after the war.
- 6 It helps your employees provide for their future.

MAIL THIS COUPON NOW

Treasury Department, Section B
799-12th St., NW.
Washington, D. C.

We want to do our part. Please
return full information regarding
the Pay-Roll Savings Plan.

NAME _____
POSITION _____
COMPANY NAME _____
ADDRESS _____
NUMBER OF EMPLOYEES _____



might render the greatest possible assistance to the defense savings program.

From an educational viewpoint the importance of school children is tremendous. Furnished with information and literature which they bring into their homes after school hours, they are contributing greatly. After many years of experience in devising methods of handling children's savings, the A.B.A. feels that those schools in which a school savings system is operating are the best equipped to assist the Government. From reports now being received, it is evident that schools in which defense securities are purchased through regular school savings channels will far out-strip the schools which must rely solely on a stamp system.

The greatest problem with children arises from their unhappy facility for losing money, stamps, passbooks, or whatever happens to be on their person. Inasmuch as passbooks are replaceable and the Savings Bonds are not negotiable, the regular school savings plan is the safest way by which children may save. In some communities which have decided to sell stamps, special precautions are being taken to avoid their loss. In most cases the children are asked to leave their albums at home so that the losses will consist mostly of small sums of money or stamps. In other places receipts, instead of stamps, are given to children until their total receipts will purchase either a large denomination stamp or a bond. Another method is to keep the albums in a safe at the school.

Whatever the plan adopted, the Savings Division urges the fullest cooperation of the banks in connection with the local school defense savings program, but it feels strongly that the greatest accomplishment will be made if the plans which have been developed over the years for children's savings are utilized for the purchase of Savings Bonds.

EVERY PAY DAY BOND DAY!
U.S. Defense BONDS • STAMPS

This is a contribution to NATIONAL DEFENSE by (name of publication).

676 (4-27-42) Form No. D996-BP-2



With a salute to Composer Berlin's talents, we suggest an out-of-income theme, "Get your *pay* check out, when you hear him shout . . . in his popular ballad, "Any Bonds Today?"



A.I.B. Mobilization

The 70,000 members of the American Institute of Banking, educational section of the American Bankers Association, are being mobilized in the Savings Bond campaign. Details of the campaign are published in this issue on page 94.

School Savings

YOUNGSTERS ON the West Coast are doing their bit through the new combined school savings and Defense Savings Stamp program adopted by the Los Angeles City and County School Savings Association. The plan continues the regular systematic deposit program and all other elements of thrift education, but in addition qualifies the student for the coveted "Thrift Certificate" if he chooses to buy Defense Bonds or Stamps. A special red, blue and silver seal is affixed to the certificates earned on this latter program. Emphasis is placed on demonstrating the importance of cooperating with the Government in the present War Savings program. All materials are now issued in the national colors under the slogan "It's Patriotic to Be Thrifty."

Young Savers

PREBLE COUNTY NATIONAL BANK of Eaton, Ohio, recently gave 1,000 school children a head

start in defense savings by distributing government Defense Stamp books, each with a 10-cent stamp attached, through local schools. The original 1,000 books were earmarked with a message stapled over the bank's signature. Checked results show mighty swift action on the part of youngsters—and more than the typical enthusiasm of parents.

Women Volunteers

AT THE mid-Winter conference of the ILLINOIS BANKERS ASSOCIATION, C. W. Hoff, president of the UNIVERSITY STATE BANK, Chicago, reported that he had obtained the services of several young women in his neighborhood to take applications and handle details of bond sales in the bank. Subsequently, the Defense Savings Staff, of which Norman B. Collins is state administrator, has compiled a list of young women volunteers for this service. Banks wanting such help can requisition it just by telephoning Mr. Collins' office.

LOCAL CLUB WOMEN volunteers man the Savings Bond booth of the Sussex and Merchants National Bank, Newton, New Jersey. Mrs. W. A. Dolan, wife of County Bond Chairman, on duty, left below. . . . OUR BUY-ME-A-BOND PLAN folder below, right, designed by the Advertising Department of the A. B. A., is being used by many banks in signing up customers for monthly bond purchases



A simple automatic way
for our depositors to buy
**UNITED STATES
DEFENSE BONDS**

AUTHORIZATION CARD

Date . . .

NAME OF BANK GOES HERE:

I hereby authorize you, until further notice, to charge to my checking account on the business day of the current month and of

CHECK ONE ☐ each subsequent month
☐ each alternate month
☐ each third month

the amount of \$. . . and use this amount to purchase and deliver to me a United States Defense Savings Bond Series E, having a ten-year maturity value of \$. . .

Register Bonds
In Name Of (Print Complete Name Plainly)

Address (Complete Address of Above Registrant)

Note: Purchaser may, if desired, designate an individual as co-owner or beneficiary — BUT NOT BOTH

Co-Owner (Print Complete Name Plainly)

or Beneficiary (Print Complete Name Plainly)

Address (Complete Address of Co-Owner OR Beneficiary IF Named)

Signature of Depositor

Sale of United States Tax Anticipation Notes by the banks is an important wartime service. At right Miss Bonnie Norris, of The Detroit Bank's Safekeeping Department, selling a \$100 note to a customer

Bond Speech Material

The A.B.A. speech material on Defense Bonds, designed for various audiences, is being revised by the Public Education Committee. The new copy stresses the theme "Buy bonds out of current income."



Tax Loans

INCOME TAX LOANS will be an important feature of bank activity in behalf of the war effort this month. Cash on the line via bank credit helps the Government and the taxpayer. For example, the plan adopted by the PEOPLES-PITTSBURGH TRUST COMPANY offers a far more convenient payment program than the quarterly option offered by the Government. The plan spreads repayments of a tax loan over a 12-month period and consequently fits the payments into an income budget. This is how the PEOPLES' plan operates: For the individual who will require a \$1,000 tax loan, the bank will provide the money as needed for each quarterly payment through a special account so that the taxpayer has only to issue his personal check for each payment. The customer begins paying into the income tax budget fund on April 15 and makes 12 instalments totaling \$1,020, which includes \$20 interest. Taxpayers who wish to increase their budget to cover the payment due in the first quarter of 1943 may elect to pay \$1,265 into the fund in the 12-month period. This figure represents \$15 interest.

Tax Allowances

CANADIAN CONCERNS devoting advertising space to the promotion of some phase of the Dominion's war effort are permitted to take a 10 per cent deduction for income tax purposes provided at least 80 per cent of the space consumed was used for war promotion purposes, according to a recent ruling of the commissioner of income taxes.

Advertising of this sort will be recognized as an expense to the extent of 10 per cent beyond the average budget of the taxpayer during the period 1936-1939, inclusive.

A State Record?

FIRST NATIONAL BANK of Nevada, through its president, W. W. Hopper, reports that its 10 Nevada offices have sold \$2,131,123 in United States Savings Bonds. This does not include bonds sold by other banks and post offices.

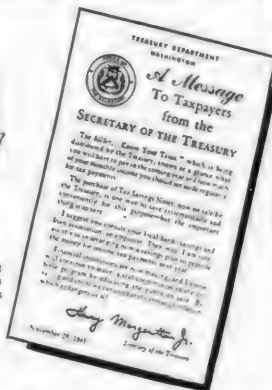
"I know you will concur with me that this state," Mr. Hopper said, "when we can secure the total figure, probably will have the highest per capita figures of any state."

Taxes



It's an Inevitable Picture

Yet there is no other way—Start saving now. Although new income tax will be a serious problem for numerous families, this major cash requirement should not be burdensome to those who set aside something each pay day. Our officers will be glad to discuss a savings plan to provide the money for income tax payments.



The Atlantic National Bank of Jacksonville cautions customers to save for the "inevitable" — the payment of income taxes; reproducing Secretary Morgenthau's message on this subject

The Granite Trust Company of Massachusetts likewise urges systematic saving to meet income tax payments

BUY UNITED STATES DEFENSE BONDS!

A Word about Income Taxes

Over 6 million persons will pay Federal income taxes next year for the first time.

Others will pay 3 or 4 times as much as they have paid in the past. Do you know just what amount you will owe next March 15th? We have procured, a supply of instructive folders "Your 1941 Income Tax" and "Know Your Taxes." Copies are available upon request at any of our 6 offices.

These folders are designed to show you quickly the amount you will have to pay very soon.

To help you meet these payments, we suggest that you lay aside enough each week or month to meet the amount you will have to pay.

Many persons are buying the U. S. Treasury Tax Savings Notes, about which we will gladly supply information.

FOUNDED
1916

GRANITE
1906

GRANITE TRUST COMPANY
WOLLASTON QUINCY NORTH QUINCY
WEYMOUTH EAST WEYMOUTH SOUTH WEYMOUTH
Member Federal Deposit Insurance Corporation

Your Canceled Check Is Your Best Receipt for Tax Payments

Our Banking Service Includes:

Checking Accounts • Savings Accounts
Time and Current Certificates • Christmas Savings Club

The ATLANTIC NATIONAL BANK
OF JACKSONVILLE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Just a Passing Thought



1. Many banks are advertising Defense Bonds, loans to war industries, save-for-taxes, and how banks can help individuals, businesses and the Government in the job of winning the war



2. This type of advertising is done with the real American spirit of unselfish patriotism, and it is a very commendable fact that all cooperation has been spontaneous

3. However, every bank advertiser should treat the subject carefully, for it is a delicate matter



4. Patriotic advertising should not be strained . . . should not, inadvertently, create the impression that the bank is waving the flag to attract business

5. One example: the flour concern implies in its advertising that the only way America can win the war is for every American to use its brand of flour. A crude example, yes; and no bank would be guilty of such a breach of advertising ethics



6. But remember, banks are directing their messages to *thinking* men, to men who use their powers of reasoning, to men who are exacting in their theories as to what is right and what is wrong

7. While the advertiser's intentions may be most honorable, a misinterpreted message may drive away customers who are offended by (what they believe to be) pseudo-patriotic appeals



8. We submit that the more vital types of propaganda should be left in the hands of the government agencies which have been organized and trained for that purpose



..... on a subject close to all of us

J. WILL IRWIN and BOB KIRKPATRICK

9. Amateur propagandizing is ticklish business and can, unwittingly, conflict with the authorized messages issued by the Government

10. Most of us are agreed that this is a good time to advertise . . . to build confidence . . . to strengthen a good name . . . to show people that a bank has a vital place in the American way of life—



11. *But*—let's be careful about war copy

12. Every advertiser has a sacred trust to keep. Every advertiser is obligated to key his messages in the best traditions of ethical advertising



13. Therefore, let us be sure that our objective is an honorable one; let us be sure that our vehicle of expression carries a clear, indisputable truth

14. Let us be sure that our message is in harmony with the banking needs of a nation at war



15. Then, let us drive home our point with all the emotion and force we can command

16. For there never was a time when Americans needed more factual information about the basic functions of American business, one of which is banking





MILLER-WOODS

Box Office

FIRST NATIONAL BANK AND TRUST COMPANY, Tulsa, has introduced a unique way of "selling tickets for the great show-down." By removing one of its display windows, replacing it with a typical theater "box office" and installing a pretty girl, *shown above*, the bank sells United States Savings Stamps direct to sidewalk crowds. In the first three weeks, sales in stamps alone averaged \$1,000 per week.

Popularity Contest

FIDELITY UNION TRUST COMPANY'S (Newark, New Jersey) popularity contest suggests a new way to support the war effort by promoting Savings Bonds and Stamp sales. All employees cast a vote for the most popular woman candidate with each personal investment in Savings Bonds. Each 10-cent stamp counted one vote; each \$25 bond was 187½ votes. Miss Amelia Koeck won the honors—plus a \$25 bond—with a total of 74,639½ votes; the runner-up received 68,841½ votes. The net gain in employee defense investment was \$88,435.95.

New Device

SOMETHING NEW in the way of coin saving devices is currently offered by the IRVING SAVINGS BANK of New York City. It is called the "Victory Saver." The bank will popularize its use for defense savings, for anticipating taxes, and to build up personal savings accounts.

Subway Booth

COMMUTERS now have a last-minute opportunity every day to buy Savings Bonds and Stamps at the new Bond Booth installed in the Flatbush Avenue station (Brooklyn) of the Long Island Railroad by the WILLIAMSBURG SAVINGS BANK, *left, below*. The booth is operated by regular bank employees, after usual banking hours, and has added a substantial volume to bond sales. The booth is cleverly designed to



publicize the bank. A jumbo photo-mural of the bank building decorates the front, with the teller's window cut through the center.

Exterior V-Sign

A STRIKING display in behalf of the Government's savings program is shown in the photograph of the FIRST TRUST & DEPOSIT COMPANY'S Syracuse, New York, main office, *at right, above*. This 20-foot "V" has helped the bank sell over three million dollars in bonds and stamps. The V-theme is carried out in lobby displays and on all of the bank's promotion literature.

Host

IN AN EFFORT to encourage Defense Bond sales, the MEDINA COUNTY (Ohio) BANKERS ASSOCIATION recently played host at a dinner meeting for members of all local service clubs. John McSweeney, state administrator for Defense Bond sales, and David Stewart, personnel director of the Central National Bank of Cleveland, addressed the group of more than 300 businessmen.

Statement Promotion

THIRD NATIONAL BANK & TRUST COMPANY of Dayton, Ohio, passes on a time-saving suggestion: Now that most banks are devoting statement circulation to defense savings promotion, the question of time and personnel shortage need not interfere with a consistent selling job. Instead of the added work of enclosing stuffers, simply print the defense story on the reverse side of the statement—see illustration *below*. The message will stay with the customer longer—he will be reminded every month and not just occasionally.



Buy United States DEFENSE BONDS

HELP YOUR COUNTRY—

HELP YOURSELF

Serve both your country and yourself by purchasing

**The Third National
Bank and Trust Company**

Member FDIC

DAYTON, OHIO

Fulton 9131



LINCOLN SAVINGS BANK, Brooklyn, in a patriotic display shows a replica of the Declaration of Independence with pictures of Washington and Lincoln, left, above . . . R. T. PERRING, vice-president, The Detroit Bank, reviews Federal Reserve member banks' increased investments in governments—from \$4 billion in 1930 to more than \$19 billion in 1942

Gift for Uncle Sam


FIRST NATIONAL and FIRST STATE banks of Seminole, Oklahoma, recently put on a campaign for "A Day's Salary for the Government." The entire staffs of both institutions contributed 100 per cent. Then the opportunity was offered to the public through newspaper advertising. The ads carried coupons for local folks to commend the bank gesture and his bit to the fund. Washington received approximately \$1,000 from each institution as Seminole's fund contribution. Similar gestures have since been made by a number of other banks over the country, but this instance, it is believed, started the ball rolling.

Service Insignia


A UNIQUE and helpful display idea is suggested by the NATIONAL BANK OF WESTFIELD, New Jersey. Through a private collector, the bank recently staged a window display of the various identification insignia of each branch of military service. The exhibit was divided into

The facilities of its "Bike Loan Department" is announced in the humorous advertisement of the First National Bank of Palm Beach, below

Pedal Your Way To Victory



A little exercise never hurt anyone, besides, you want to save the wear and tear on the old 'jalopy'—
So buy a bike, help yourself while helping 'Uncle Sam'.



It's NEW—It's here for the Duration
'Bike Loan Department'
at the First National in Palm Beach
Convenient monthly repayment schedule

★ Keep Buying Defense Bonds
Make payday—Bond day ★

Prompt teller service
at all times.

FIRST NATIONAL BANK
PALM BEACH

Capital Funds Over \$1,000,000, Larger Than any Bank On the East Coast of Florida Between Jacksonville and Miami.

Free parking facilities



three groups: sleeve chevrons, shoulder insignia, and collar or lapel pins. Each item was labeled and supported the theme—"So You'll Know Them When You See Them."

Cooperative Merchandising

THE SAVINGS BANKS of Brooklyn and Queens now devote their entire cooperative advertising program to defense selling. Under the theme—Save to Defend America—copy stresses the need of economy and supports Savings Bonds and Stamps as the way to victory. As a merchandising slant, the banks issue lapel buttons which carry the slogan and a picture of the American eagle in flight.

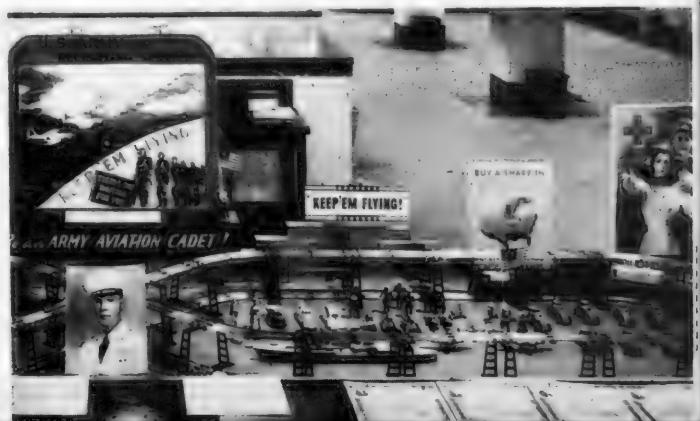
Bumper Crop

IN THE states now conserving license plate metals by issuing one in place of the former set, late model cars are running around with made-to-order front bumper display brackets. Perhaps here is an opportunity for the enterprising bank to supply Savings Bond placards and add an important new medium to defense publicity. Metal placards are not necessary. The printer can do a weatherproof job with special inks or cellulose lamination.

Sector Stations

EXCELSIOR SAVINGS BANK of New York City makes an appropriate gesture through its mortgage department to civilian defense by turning over a number of vacant stores to air raid wardens. This arrangement on the bank-managed property holds until such time as the stores may be rented. The wardens use the premises as meeting rooms and instruction centers.

First National Bank of Bryan, Texas, features Savings Bonds in a window display built around two electric trains, running on different grades, and loaded with bonds and implements of war. G. F. Moore, a bank customer and Commander of Corregidor Island, left foreground, in section of display shown below. Appeals for the Red Cross and Aviation Cadet volunteers are included





100% EMPLOYEE PARTICIPATION

MANUFACTURERS TRUST COMPANY of New York has announced that its entire active organization—directors, 317 officers and 2,932 staff members—is participating in a salary savings plan for the purchase of Savings Bonds. Each director will accept part of his fees in bonds. Total subscriptions will approximate \$350,000.

President Harvey D. Gibson, at left, center, is shown congratulating the oldest and the youngest employees (in point of service)—Richard N. Cotter, assistant secretary, with the bank 62 years, and Miss Ella Klerk, page girl.

OPM

THE MASSACHUSETTS BANKERS ASSOCIATION urges member banks to use the services of the new Financial Section facilities recently inaugurated by the OPM Division of Contract Distribution for the state. The section is primarily set up to render advice and counsel to contractors and subcontractors doing defense work, and to assist these companies in putting their plant operations and financial statements in such shape as to make their propositions bankable. The new department is designed to work with local bankers already having contact with prime or subcontractors who need advice.

Post-war Planning

THOSE CONCERNED with the problem of cushioning the post-war readjustment of industry will find encouragement and help in a recent pamphlet issued by the Research Advisory Service of the LIBERTY BANK, Buffalo, New York. Leading manufacturers, economists and management engineers answer the question: How to prepare to keep up sales volume after the current emergency markets cease to exist? The pamphlet quotes authoritative opinions and experiences which, in total, give the national picture of current industrial research and planning. It is particularly interesting to note that

The California Bankers Association invests \$10,000 of accumulated surplus funds in Series G Savings Bonds. *Below, facing camera*, Association President J. S. Curran, who is vice-president, Anglo California National Bank, San Francisco, and V. I. Compagno, executive chairman, San Francisco Defense Savings Bond Committee



of the 360 manufacturers giving specific replies: 66 per cent are maintaining or expanding industrial research programs; 20 per cent already have new products developed; 32 per cent are maintaining or increasing their sales staffs to improve customer relations and build goodwill; and 18 per cent are maintaining or increasing their advertising expenditures.



Defense Housing

IN COOPERATION with FHA and the defense housing coordinator, the SAVINGS BANKS ASSOCIATION OF THE STATE OF NEW YORK has devised a "field crew plan" in an effort to make the resources of member banks available for the financing of 25,000 defense units, the present estimated requirement for the state.

Under the plan, in any area where defense housing is contemplated a crew consisting of the local member of the defense housing committee and local savings bankers, the defense housing coordinator and the FHA will collaborate to determine the best methods of meeting that area's need. The field crew, in joint conference with local savings bankers and builders, is expected to develop in detail the proposed project and the means by which it can be handled through the banks and the FHA without calling on the Government for assistance. It is expected that local member banks will provide necessary financing in most instances.



Leroy L. Barnard, of Granville, the last local surviving veteran of the Civil War, pushed the sales of Savings Bonds by The First National Bank of Glen Falls, New York, over the \$1,000,000 mark by purchasing a \$25 bond from Miss Mary G. Heath, bank receptions, *below, seated*. Others participating were: President H. C. Brown, Vice-president G. E. Safford, Legion Commander J. E. Lyons, and Spanish War Veteran C. M. Brownell



A Wartime Photogram

"I'll see what I can do," said Everett W. Perry, editor of "The Teller," house magazine of The Detroit Bank, when the suggestion was made by BANKING that it would like a visual account of as many bank wartime services as possible.

The intangible character of many of these activities makes it difficult to tell the whole story photographically. Among the all-out war services not included in this photogram are: the purchase of United States Government securities for the bank's investment portfolio; extension of services to Army cantonments; promotion and sale of tax anticipation notes; control of consumer credit; and foreign funds control.

"V"

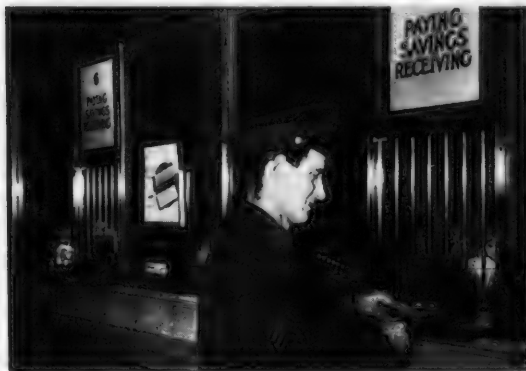


Salvage of Materials—K. M. Burns, cashier, making a statewide radio appeal to Michiganders to rid their homes of materials vital to war production



Trained Manpower—Pvt. W. D. Tyler and Sgt. E. F. Korthals, formerly Detroit Bank-ers, administrative aides at Lowry Field in Denver, Colorado

Cash for Army and Navy Officers and Enlisted Men—Sgt. Frank Kish, of the Army Recruiting Service, cashes a check . . . *Trained Women Tellers Replace Draftees*—Evelyn DeSmet, a recent graduate of the tellers' training class and now a teller



Promotion and Sale of United States Savings Bonds—F. N. Isbey, head of the Defense Savings Staff for Michigan, left, in the bank's special booth sells a bond to Attorney General Francis Biddle. W. B. Waldrip, assistant cashier, in background

"V"

Defense Credits—M. E. Treglow, of the bank's credit department, consults with F. M. Shimmick, Jr., assistant treasurer, The Parsons Company, one of many Detroit manufacturers whose complete facilities are engaged in war production





Plant Expansion—by making available the necessary credit banks are helping to produce the implements of war . . . *Coins for Change*—bank coin wrapping machines are making accessible to defense industries tons of nickels, dimes, quarters and half dollars



Drafts and Cashier's Checks—Detroit Clearing House Association members have waived the service charge on bank checks issued to the Red Cross. Detroit Bank's Assistant Cashier M. L. MacDonald presents a check to Mrs. Frank Patterson . . . *School Savings*—Johnny Murphy buys his first Defense Stamp album

Civilian Volunteers—members of the bank's Red Cross unit knitting for the Army and Navy . . . *Defense Workers*—check cashing at a branch office by some of Detroit's workers in defense industries



“...and as for PROTECTION,
what gives you more than
a photographic
record on film?”



TRANSFERRED” to safety film, by Recordak, irreplaceable records take up 98% less space... hence can be moved to the most secure of all “filing cabinets”... safe deposit boxes, below ground, in the bank’s vaults.

Safety from tampering is equally great. A Recordak master film is a one-piece record; items can’t be added... subtracted... or altered without detection. Recordak is accurate. Its copies are photographic—therefore complete and exact. No errors... no omissions.

Recordak is fast... photographic copying of 100 checks or more per minute is routine working speed for Recordak.

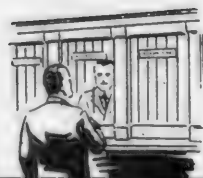
And, above all, Recordak saves... and saves substantially... up to 33⅓% in labor... 40% in machines... 50% in stationery... and 98% in storage space.

Recordak is rented—not sold. It requires no capital outlay. May we send you complete information? Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N. Y.

RECORDAK PHOTOGRAPHIC ACCOUNTING SYSTEMS



The LEGAL ANSWER PAGE



Fraudulent Checks

If an employee of a bank depositor is trusted to supply the information upon which checks are drawn, is the bank paying such checks liable when subsequently it appears that the payees named were not intended by the trusted employee to have any interest in the checks and the checks were converted by him to his own use by forged indorsements?

IN the absence of remedial legislation such as the Fictitious Payee Act recommended by the American Bankers Association, the answer, unfortunately, and unfairly too, is *yes*. A recent illustration of this loophole in the Negotiable Instruments Act is the New York case, *Fitzgibbons Boiler Company, Inc. v. National City Bank of New York*, Court of Appeals, January 15, 1942.

In this case the trusted employee was assistant treasurer and also credit manager of the corporation-depositor. Upon his direction, the accounting department, headed by another officer of the corporation, would prepare checks for signature by an appropriate officer in accordance with the supporting data submitted by the trusted employee. After 13 years in the corporation's employ, the trusted employee caused the issuance of 34 checks to several dealers with whom the corporation had had business contacts, but who were not entitled to the checks in question since they were not based on actual sales. The trusted employee's method seems to have been to deliver a check to the dealer named as payee and then to obtain to his personal credit a check drawn by the dealer in equal amount. Later, he simplified his procedure by forging the names of the payees of the 11 checks in suit.

The bank defended claiming the corporation had notice that an employee was dishonest and that the finger of suspicion pointed directly at the dishonest assistant treasurer. One of the corporation's customers had informed the corporation that he would discontinue business relations with the corporation because of the suspicious behavior of the delinquent officer in handling his account and the manipulation of checks to his order. Moreover, other clerks in the accounting department strongly suspected that the depositor's bookkeeping accounts were seriously wrong.

However, the Court of Appeals held that the paying of the checks by the bank was not the proximate result of any act or failure to act on the part of the corporation-depositor.

It is to avoid decisions such as this that the enactment of the Fictitious Payee Act is recommended. This act would enlarge the concept of a bearer instrument to include instruments made payable to living persons not intended to have any interest in them. Moreover, it would place responsibility upon the drawer of an instrument for the acts of his employee or agent who supplies the name of a fictitious payee or a living payee who has no interest in the check.

Safekeeping of Defense Bonds

What is the extent of the legal liability incurred by banks if they undertake to provide safekeeping facilities for defense bonds at no cost to the bond purchasers?

THE relationship of the bank to a customer from whom it receives securities for safekeeping is one of bailment. As bailee, it is responsible for exercising the ordinary or reasonable care that prudent bankers in the exercise of due diligence take in the safekeeping of their property of like kind under like circumstances.

Unlike most securities which are negotiable and therefore readily transferable, Series E, F, and G Defense Bonds are registered and non-transferable. Thus their owners and likewise their safekeepers are protected to a substantial degree from loss or theft. Because this is so the Treasury Department ordinarily does not require an indemnity bond before replacing a lost or stolen defense bond.

Likewise the problems normally attending redelivery of securities are not so great with respect to these bonds. The procedure of the Treasury Department and the Federal Reserve banks is to redeliver the bonds upon surrender by the owner of the receipt issued at the time the bonds were placed in safekeeping and upon presentation of satisfactory identification of the owner. This would seem to be an adequate procedure for banks to follow if they desire to offer safekeeping facilities to their customers.

"War Time"

May banks safely conform their banking hours to the advanced time, effective February 9?

STANDARD time for the United States was fixed by Congress in 1918. All that the recent enactment does is to advance such standard time one hour.

Whether or not banks may or even must conform their banking hours to this advanced time depends upon the wording of their by-laws setting forth the hours during which the bank will be open for business. If the by-laws simply state the hours without describing them as standard or daylight time, the hours indicated would relate to the time prescribed by state statute for the performance of legal duties, or if there were no such statute, the hours indicated would relate to the time customarily used in the community. Thus, if the community in which the bank is located did not advance its time one hour, the banking hours stated in the by-laws would not mean the advanced time but the local time. Of course, if the community did advance its time, the banking hours stated would mean the advanced time.

However, should the by-laws describe the banking hours as being standard time, they would relate to the federal standard time established by Congress even though the community in which the bank is located does not advance its time.

AN OUNCE OF PREVENTION



The oft-quoted phrase, "An ounce of prevention," puts emphasis on the incalculable value of precaution. And the phrase has never lost its meaning. In everyday business its practicality applies in a thousand ways. Use of La Monte Safety Papers is a striking example, for they offer the "ounce of prevention" that protects against forgery or alteration of checks and other negotiable documents. No estimate

is possible as to the millions of dollars saved, through the years, by the use of La Monte Safety Papers as a fraud preventive. Their cost is inconsequential compared with the SECURITY they give — a fact recognized by 75 per cent of the country's leading banks and by commercial corporations everywhere. » » Your own trademark or design is adaptable to them, as your lithographer or printer will be glad to show you.

LA MONTE *Safety* PAPER



GEORGE LA MONTE & SON
Nutley New Jersey



THE income tax, effective under the Revenue Act of 1941, directly affects every man or woman who owns life insurance or who contemplates the purchase of new insurance.

The present surtax rates begin with the first dollar of taxable income after the personal exemption and credit for dependents have been deducted. The drastic increase in the rates is illustrated in the following figures:

- On an income of \$6,000, the tax is raised from \$80 to \$560.
- On an income of \$10,000, the tax is raised from \$360 to \$1,320.
- On an income of \$26,000, the tax is raised from \$3,440 to \$7,080.
- On an income of \$50,000, the tax is raised from \$11,780 to \$19,380.
- On an income of \$100,000, the tax is raised from \$36,780 to \$49,780.

In other words, for the man who earns \$6,000 per year, the tax has been increased 700 per cent. The man who has a \$100,000 income must now pay one-half of it to the Government.

The individual, therefore, who is in the middle or upper income tax brackets is the one most affected by the new taxes. He is also the one least affected by the current rise in wage levels. With some exceptions, of course, he is in the group which has a narrowing margin of net income. Relatively speaking, he has less funds available for protection and investment, and he must invest or protect more wisely—which means more safely and economically.

ON THE other hand, there are three primary obstacles to the ability to invest soundly at this time:—

- (1) Increased costs of living and higher taxes have reduced or eliminated surplus income. The individual, like the corporation, is rapidly nearing the point, if he has not already reached it, where he is unable to accumulate funds or add to his capital.
- (2) The tax on capital gains reduces, and in many of the upper brackets eliminates, interest in speculation.
- (3) The rate of return on so-called safe investments has shrunk almost to the vanishing point.

By and large, rapidly rising tax rates and living costs, resulting in a narrowing margin of net income, are a deterrent to the ownership of old or the purchase of new insurance. Conversely, the inability to create an estate for the protection of dependents, or the unattractive opportunities to invest wisely in a market of uncertain conditions, low income returns and high tax penalties, place a premium on life insurance for the man who is fortunate enough to own it or who can qualify in its purchase.

Life Insurance and

J. BLAKE LOWE AND JOHN D. WRIGHT

Generally speaking, therefore, although there are some key factors which may retard the purchase of life insurance, both facts and figures favor it as a more certain means to an end and as one medium of safety in an unparalleled period of uncertainty.

A glance at the record of some actual cases will show that the income tax, in many instances, may be a motivating factor in its purchase.

The Case of Mr. "A"

MR. "A" owned \$250,000 life insurance. He had a general estate of \$1,000,000 which meant that his top Federal estate tax bracket was 39 per cent. His income in 1941 (earned and unearned) was between \$80,000 and \$100,000 which gave him a top income surtax bracket of slightly in excess of 60 per cent. He was 50 years old. His annual life insurance premiums were approximately \$10,000. He desired to protect his physical assets in the event of his death. This meant the ultimate use of his life insurance proceeds for the payment of taxes. He also was aware of the fact that he might not always be in such a favorable position from the standpoint of income and he desired to build up some guaranteed returns in the form of annuities.

Since "A's" top estate tax bracket was 39 per cent, his life insurance (\$250,000), less his insurance exemption (\$40,000) for estate tax purposes, or \$210,000, was subject to tax at that rate, or a tax of approximately \$80,000.

Likewise, since his top income surtax bracket was 60 per cent, it was necessary that he use \$25,000 of his gross income in order to pay premiums of \$10,000. In other words, it actually was costing him \$25,000 annually to own a net insurance estate of \$170,000.

In solving "A's" problem, the following steps were taken:—

- (1) Part of the insurance, in excess of his exemption, was converted into annuities.
- (2) The balance of the insurance, in excess of \$40,000, was taken as paid-up insurance.
- (3) New insurance was taken out by another member of the family (who had independent income) on "A's" life to bring the total of straight life insurance up to the original \$250,000. Under the present Treasury regulations, payment of pre-

miums by a person other than the insured removes the insurance proceeds from the taxable estate of the insured.

- (4) "A" purchased some additional annuities.

The results are interesting. In the event of "A's" death, the family will have \$250,000 net insurance proceeds instead of \$170,000. The cost of owning the new insurance is approximately \$13,000 a year instead of \$25,000. This is due to the fact that premiums are being paid by another member of the family who is in very much lower income tax brackets. In the event "A's" earned income is reduced, he has a future income from annuities.

Owner of a Close Corporation

IN another case, "B" owned outright a highly lucrative business. The company was a close corporation with only one class of stock—common—and a large surplus. "B" had a wife and one child—a son engaged in the business with him. "B's" salary was \$30,000. He had other income. He owned only \$50,000 life insurance.

The problem here was more than twofold in the event of "B's" death. Here is the solution:—

The company was recapitalized and two classes of common stock issued—A stock and B stock. Both classes were identical except that the A stock had voting rights and the B stock, no voting rights.

"B" revised his will under which he left the B stock to his wife, and authorized his executors to convert it in the event of his death either to preferred stock or bonds. This would give "B's" wife a fixed income about equal to his current salary. He left 51 per cent of his A stock to his son so that the latter would have voting control of the company. Subsequently, he entered into a purchase and sale agreement with five of his key-employees to purchase 49 per cent of his A stock at a fair basis of value. The employees received a substantial increase in salary and bought insurance on "B's" life, the ultimate cash proceeds of which would be used to purchase an interest in the business.

In this case, the results are equally interesting:—"B" has protected his wife who will have a fixed return instead of common stock in the event of his

the Income Tax

The authors are tax consultants with offices in Baltimore, Maryland.

death; "B's" son will control the business.

The purchase and sale agreement ties in his key-employees and the cash proceeds from the insurance under the agreement will be available to his estate for the payment of taxes. The salaries, if reasonable, are a deductible corporate expense and the premiums are paid from income tax brackets very much lower than the insured's.

A fair value for the stock for tax purposes is established in part by the terms of the agreement with the employees.

"C" Makes a Gift

MR. "C" was one of the owners of a close corporation. The other stockholders were all related to each other. "C" had a wife and two daughters.

He also had a substantial amount of liquid assets, and \$120,000 of life insurance. The insurance was payable under an insurance trust agreement. The wife had a small estate in her own name.

"C" was induced to transfer to his wife a fairly sizable block of preferred stock. The transfer was made outright. The idea was two-fold. The income could be used by her for the benefit of the children. If joint returns become mandatory, the wife might ultimately transfer a part of the assets to the children. The wife then made a will which, in the event of her death, would leave the stock in trust for the children with her husband as trustee. In the event she predeceased her husband, the income from her estate would be taxable to the children although her husband would retain management control of the assets.

One-half of "C's" insurance was taken out of the trust and left with the insurance companies in order to take advantage of the guaranteed return. The plan adopted was a life income to the wife and, upon her death, an annuity for each daughter. The remaining half of the insurance was left under the insurance trust agreement in order that the proceeds, if needed, would be available to the executors of the insured for the payment of taxes and other costs of estate settlement.

As a result of the transfer of assets outright to the wife, Mrs. "C" had a fair estate of her own. She used, therefore, a part of her income to purchase

\$20,000 insurance on her own life. Since Mrs. "C" also has an insurance exemption up to \$40,000, none of the proceeds would be subject to tax upon her death and would provide her estate with reasonable liquidity.

Endowment and Annuity Policies

THE rapid rise in taxation merely places increasing emphasis on some of the past methods utilized in the development of both life insurance and trusts.

Endowment policies, for instance, defer the income tax on the accumulation until the policy matures. If the policy is payable to a child or children, the excess, which is taxable, will come under the smaller income tax brackets of the beneficiary. If, on the other hand, the endowment policy is payable to the insured and he elects to receive the future payments under an instalment option, the tax is spread over a period of years.

During the past few years and particularly in 1941, prior to the change in the gift tax rates, substantial gifts were made in order to minimize income taxes. Such transfers necessarily resulted in the loss of personal income to the donor. This loss of income can be, and in some cases was, offset by the purchase of an annuity on the life of the donor at the time the gift was made.

For example—Mr. "D" has an estate of \$200,000 and an income of \$20,000. "D" is in a 38 per cent surtax bracket insofar as his income is concerned. Suppose, however, that "D" transfers to his son \$40,000 of income-producing assets which yield an annual return of \$2,000. This income is taken out of his 38 per cent bracket and taxed in the lower bracket of the donee. At the same time, "D" does not want to lose this much of his personal income and to offset the loss purchases an annuity on his own life for \$20,000. In addition to the income tax saving, the ultimate estate of the donor has been reduced by \$60,000 for estate tax purposes (\$40,000 gift and \$20,000 annuity)—a saving of \$18,000 in death taxes which practically offsets the annuity purchased.

Loss of a Key-Man

BECAUSE of the very uncertain period through which we are passing, many corporations have increased enormously their inventories. At the same time, owing to the rise in the level of wages in-

creasing the cost of production, and the tremendous jump in corporate taxes, many business firms throughout the country—both large and small—are showing an unfavorable cash or current position. It is difficult for many of them to reverse this trend at the present time and to improve either their cash position or surplus. What will be the status of these companies in the event of the loss of a key-man? Life insurance for the purpose of indemnifying a corporation for such a loss or for the purpose of paying off an indebtedness at the time of death of a key-man is more important now than ever before.

On the other hand, assume that a corporation is in the reverse of the situation outlined above—that it has an unreasonably large surplus. It cannot safely add further to it without being subjected to a severe tax upon the accumulation. The stock, however, is closely held within one family and the stockholders, already in prohibitive individual surtax brackets, do not want to pay out earnings in dividends.

This company, through business life insurance, cannot only conserve its surplus but add to it over a period of years by purchasing single premium insurance on the lives of its key officers. The dividends from the policies can be added to surplus tax free during the lifetime of the officers. Upon the death of an officer there will be a larger amount of surplus than the amount which was originally invested in the premium and this addition to surplus will not be subject to income tax.

This is not a hypothetical case but a very real problem to some corporations who happen to be in such a fortunate position. In one very recent case, the controlling stockholders forced to act, and seeking a way out, invested the surplus in an office building.

Pension Trusts

INTEREST in pension trusts has risen sharply not only because of the social and political trend, but because of the great rise in taxation. One authority on the subject has gone so far as to state that pension plans may revolutionize our methods of compensation. The premiums paid for pensions which are reasonable and actuarially sound are deductible as a corporate expense. The amounts contributed by the company are not taxable income to the employees until such time as actually received. This has greater tax significance than may be appreciated at first glance. Not only are the premium payments a deductible expense but a deferred income

is created which will be received at a time when, in all probability, the individual who receives it is earning less income and is subject to much lower tax penalties than are now imposed.

Life Insurance Trusts

As the pension trust has gained in favor, conversely, the life insurance trust has declined. This is not, however, in any way due to the income tax. It is primarily the result of the increasing advantage of a guaranteed return and the apparently ever-changing tax status of life insurance.

Many trust men throughout the country today are advocating the use of the settlement option in life insurance programs. There are, of course, some exceptions of which the principal one is liquidity. The life insurance, trust, for instance, is still the most practical and efficient method of providing for the payment of death taxes and the costs of estate settlement.

For example, consider the case of "X" who owns most of the stock of a lucrative business. His eggs all happen to be in this one basket with the one exception of a very substantial insurance estate. If his present estimated

estate taxes are \$75,000, and his life insurance is all programmed under settlement options with a \$10,000 clean-up fund, somebody has done his family and his employees a great injustice. A sufficient amount of insurance available to his executors may be the only means of keeping his business intact.

In this case, if "X" has \$150,000 life insurance, it would seem the part of wisdom to place one-half of it under a properly drawn trust, and to place the other half under the settlement options of the insurance companies in order to provide his beneficiaries with a diversified source of income and an assured return.

No one at the present time can predict with any degree of accuracy what we may anticipate in new forms of taxation. There is widespread discussion of a Federal sales tax, a supplemental income tax at source, increase in excise, individual and corporate taxes. It is, however, obvious that the tax burden will be heavier.

The proper use of life insurance in the payment of taxes, liquidation of valuable but unmarketable assets and the indemnification of going-concerns for the loss of key-men will increase with the rise in taxation and the uncertainties of tomorrow.

Palmer Asks Remodeling

PRIVATE home-owners, home-financing institutions and real estate interests in all defense areas are urged by Defense Housing Coordinator Charles F. Palmer to recondition and remodel existing dwellings. He said:

Homes registration offices are now operating in 265 cities. Through arrangements made with the HOLC, an HOLC architect or technician will be furnished to inspect any property which can be reconditioned, discuss remodeling plans, estimate costs and the revenue obtainable through rent. These services are free. If a property owner wants detailed working drawings and supervision of construction, they will be furnished at a moderate fee.

The President has granted \$100,000 from his emergency funds to enable the HOLC to employ fee architects and technicians where its own salaried staff cannot do the job. These technicians have been selected as a result of their reconditioning experience; all of them had some part in the HOLC's own program, which embraced the repair of some 550,000 homes.

In almost every large city, there are thousands of dwellings which can be made into homes for defense workers. These structures are located on paved streets and are served by existing utilities—lights, gas, water and sewers. They are near to shopping centers and are already provided with adequate transportation.

1863



1942

Correspondent Bank Service

Through the divisional organization of this bank, the business of banks and bankers is concentrated in Division F. This affords to correspondents the prompt and personal attention of officers who, through years of experience and broad contacts in all parts of the country, render efficiently the many services required by bankers.

Executive officers coordinate the divisional organization with all other departments of the bank, rounding out a complete financial service.

Banks are invited to use our comprehensive facilities to the full extent of their needs.

The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

HELPING THE BANKS MEET THEIR WARTIME PROBLEMS

As war activities continue to expand—as the demand for bank service increases and the personnel shortage becomes more pressing—it becomes more and more necessary for bank operating heads to find new ways to cut down operating costs . . . new ways to solve personnel problems . . . new ways to conserve the bank's mechanical bookkeeping and accounting equipment.

Wherever these problems have already become acute, Burroughs is proving of great help. Today's experiences, together with Burroughs' broad background of experience in helping bankers work out practical, time-saving, money-saving solutions to operating problems, may aid you, too, in meeting wartime problems.

BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

Today's
Burroughs

DOES THE WORK IN LESS TIME • WITH LESS EFFORT • AT LESS COST



BURROUGHS TECHNICAL SERVICE

Trained and experienced Burroughs representatives help bank operating heads work out practical solutions to the problems with which the banks are continually being confronted. Available to them is Burroughs' exact, up-to-the-minute technical knowledge of machines, applications and procedures which cover every detail of bank operation.



BURROUGHS MECHANICAL SERVICE

In view of today's heavier demands on every bank's equipment, Burroughs dependable mechanical service is more important than ever. This service is rendered by Burroughs' own factory-trained, factory-controlled, salaried representatives; it is guaranteed by Burroughs. Service points are located throughout the nation, to make service available to Burroughs users in the shortest possible time.

EQUIPMENT and IDEAS

This department of **BANKING** is conducted by John J. McCann.

Profit-Sharing

PEOPLES-PITTSBURGH TRUST COMPANY, Pittsburgh, Pa., has initiated something new in employee relations. A profit-sharing program earmarks 40 per cent of earnings between \$600,000 and \$800,000 for 1942 to be distributed to employees whose salaries are \$250 monthly or less. The program is scaled so that lower bracket salaries will benefit by an additional 2 per cent increase with each additional \$100,000 of earnings. Employees and officers receiving more than \$250 monthly do not participate in the plan until after earnings pass \$800,000, when they will receive 2 per cent increases as earnings mount. The distribution of this money from profits to salary will be made monthly, based upon earnings for each previous three months. This unique program, as announced by President Gwilym A. Price, has been adopted in recognition of the fact that an institution is largely what the employees make it.

Window Display

On page 48 of the January 1942 issue of **BANKING** there appeared a window display in the Security-First National Bank of Los Angeles featuring a Lockheed P 38 in a scale model and an interesting picture of manufacturing procedure and planes in flight.

This test window, which pushed the sale of Defense Bonds and Stamps, proved to be a traffic stopper, reports Allan Herrick, the bank's advertising manager. Consequently, the Lockheed Aircraft Corporation is patriotically making the display available to banks and trust companies. This was offered in the company's message on page 17 of the February 1942 issue of **BANKING**.

Requests for the Lockheed display are pouring in from banks and trust companies in all sections of the country but the Lockheed management says it has built several displays and that there should not be too great a delay in having the display in your community if your bank desires it.

Of course, there is no charge with the exception of transportation (not to exceed \$5) to the next bank on the route.

The Treasury Department is watching the development of this idea with

interest and plans are now under way to explore the possibilities of having other companies develop other displays so that banks may have attention-getting window and lobby material at frequent intervals.

We'll report further in **BANKING**'s April issue.

Speed-O-Matic

THE TOLEDO (OHIO) TRUST COMPANY'S Speed-O-Matic Savings plan, in operation since February 1941, is simply the Christmas Club idea applied to smaller savings accounts.

For initial deposits of less than \$20—the smallest sum upon which the bank pays interest—a book of 50 \$1-coupons is issued. There are no specific dates for deposits, nor is there a maturity date. Deposits must be for \$1, or multiples thereof. When the customer accumulates \$50 the Speed-O-Matic account is transferred to a regular savings account.

Should a customer wish to make a withdrawal from this special account, he must close the account, as no partial withdrawals are permitted; however, the amount on deposit is payable upon demand and draws no interest.

The bank benefits by the reduction in withdrawal activity. As of the year-end 3,038 accounts had been opened at the TOLEDO TRUST under the Speed-O-Matic Savings plan and 1,840 closed. Of the closed accounts, 358 had accumulated \$50 and were transferred to regular accounts.

The bank reports that "the idea has justified its expense and we plan to continue it through 1942."

Personnel Methods

BOWERY SAVINGS BANK, New York City, followed an interesting procedure

in selecting employees for its new life insurance department. Recognizing the interest of several employees in this type of work, the bank set up a competitive program: A written examination was given to the employee group which had satisfactorily completed the A.I.B. course in savings bank life insurance and other insurance courses. Ratings were based 60 per cent on the paper, 20 per cent on supplementary oral examination, and 20 per cent on the employee's bank record. The final selection was made by a committee of two officers and one trustee. The four top ranking men were installed in the new department, and the others graded to be drawn on as reserve men as the department grows.

Conservation

THE INTER-OFFICE memorandum of one large metropolitan bank on the conservation of office supplies may prove helpful to other banks struggling with the same problem. Here it is:

Due to current emergency conditions, shortages of commodities such as metal, rubber and paper are developing rapidly. Therefore, it is highly desirable that the utmost frugality be exercised in the use of office supplies containing these substances, not only to keep expenses at a minimum, but also to prevent the development of shortages in our office supplies which might interfere with the proper performance of the company's business.

There are many ways in which the staff of the company can cooperate in conserving supplies. Some of these are listed below and others may quickly suggest themselves.

1. Detach metal clips and brass fasteners from material to be disposed of or from material to be placed in

The educational displays at A.B.A. conventions and regional meetings always prove interesting and instructive. Below is a section of the display at the midwinter Trust Conference at the Waldorf-Astoria, New York City



HARRIS & EMMING
BANKING

files which does not require them.

2. Use reclaimed clips and fasteners instead of new or return them to stationery and supplies stores of your department or branch office.
3. Use a minimum number of clips or fasteners on papers to be routed or mailed.
4. Conserve use of rubber bands of all sizes by using actual minimum necessary and by re-using those recovered.
5. Use scratch paper sparingly and on two sides when possible.
6. Small-size scratch pads may be obtained.
7. Use routing slips for internal forwarding instead of "Delivery by Hand" envelopes except when material is confidential.
8. Large-size envelopes used for transmitting files, etc. can be used more than once when flap is not glued. This should be done.
9. A half-size letterhead bearing the . . . imprint is stocked. This item may be requisitioned for use . . . where the volume of the text of a letter does not require a full-size letterhead and where the nature of the communication permits.
10. Use half-size carbon paper for short memoranda and half-size letterheads rather than full-size carbon paper which often becomes spoiled when cut down.
11. Prepare only necessary copies of memoranda and correspondence. Avoid making copies for which there is no use.
12. Review files and remove non-current material in order to make cabinets available at other points in the company where needed.
13. Have any presently unused equipment sent to surplus storeroom through Purchasing & Supplies Department so it may be available at other points in the company where needed.

Reference Table

THE PRESENT EMPHASIS on Defense Savings Bonds and Stamps is a vital phase of war financing. But, lest we forget, there are U. S. securities for every investor. Stressing this point, the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY (Chicago) recently published a quick reference table calling attention to the types of securities available to individuals, corporations, commercial banks, trust funds, insurance companies and non-profit organizations. The eight types of United States securities applying to each classification were x-ed in the table. The

bank noted in the advertisement that it would gladly explain the features of the various issues and help in their selection without charge or obligation. It also offered reprints of the table, general market quotation sheets, and circulars describing tax notes and Defense Bonds to all interested parties.

Life Insurance

A NEW DEVELOPMENT in savings bank life insurance has been inaugurated by Connecticut. The new program will enable persons in cities having no issuing or agency banks to procure this form of insurance through approved credit un-

ions, trust companies, labor groups and teachers' associations. These groups will act on an agency basis with the privilege of placing policies for their members with the nearest agency bank. It is expected that the move will extend savings bank life insurance to the most remote corners of the state, particularly in areas not served by the limited number of savings institutions within the state.

Modern Age

WE ONCE CLASSIFIED the EMPIRE TRUST COMPANY branch at the New York Municipal Airport, LaGuardia

BANK LOANS *for* WAR PRODUCTION



As are the banks throughout America, Mercantile-Commerce is aiding our industrial War effort by extending credit to worthy concerns engaged in Defense activities.

The unprecedented increase in the tempo of industrial production, the change-over from consumer goods to those of the material of War, has necessitated emergency financing in a great many cases. It is the duty of American banking to assist American industry in its drive to Victory wherever such is possible.

To our many correspondents and to out-of-town banks throughout the Nation, we offer our credit facilities whenever local demands exceed your own loan limits.

MERCANTILE-COMMERCE

Bank and Trust Company

SAINT LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Field, in the album of things to come. No novelty—this thriving branch gives a foretaste of tomorrow's importance of air travel, when the wings of the nation will ply the trade winds with passengers and freight. Even today, this branch has been busy expanding services. Now, the air-minded may obtain personal loans through the newly announced department. All of which bears out our

contention that banking is bound to keep pace.

Statement

A NEW TREATMENT of the statement of condition was introduced recently by THE FIRST TRUST & DEPOSIT COMPANY of Syracuse, New York. The omnibus technique was used to striking advantage in the newspaper advertisement.



"We're backing them up"

Marching right along with the armed forces of this country are thousands of telephone workers.

They work side by side with the Army and Navy. Wherever the need is communications, you are likely to find telephone men and their trucks and materials.

Day and night the order is for speed and more speed.

They wear no uniforms, these telephone workers, but men in uniform know how much they are putting into the Nation's biggest job. They see it first-hand and they know it is first-rate.

BELL TELEPHONE SYSTEM



• "THE TELEPHONE HOUR" IS BROADCAST EVERY MONDAY EVENING OVER THE N. B. C. RED NETWORK

The inside two columns contained the director list, the next three columns featured a timely message signed by President A. B. Merrill on the subject of freedom, the outside columns contained the balance sheets with a list of office locations. The group of pyramided ads were tied together by a silhouette border at the bottom illustrating building outlines with smoking chimneys.

Cuts Club

THE UNITED SAVINGS BANK of Detroit tries a new innovation for its 1942 Christmas Club—25 payments instead of the usual 50. The idea is one of economy. It is designed to keep clerical work at a minimum by obliging members either to double up on the size of their club, or make larger deposits at less frequent intervals.

Axes Axis

ON THE West Coast, San Diego's FIRST NATIONAL TRUST & SAVINGS BANK sums up American spirit with an open message to the Axis run in local newspapers. Says the ad: "You Asked For It, Brother, And You're Going To Get It." Copy drums up a fighting spirit and points out that buying Defense Bonds and Stamps is one way everyone can do his part.

Introduction Card

FIRST NATIONAL BANK, Orlando, Florida, tries a new tack in business promotion, and indirectly encourages Defense Stamp saving. Convenient perforated strips of introduction cards are issued to customers with the suggestion that their distribution would be an appropriate and hospitable service to friends, visitors and newcomers. For this courtesy, the bank offers to present an album containing \$1 in Defense Stamps to the customer for each new

INTRODUCTION CARD
TO LINTON E. ALLEN, PRESIDENT
FIRST NATIONAL BANK AT ORLANDO
ORANGE AVENUE AT CHURCH STREET
ORLANDO, FLORIDA
THEY WILL INTRODUCE
OF _____
INTRODUCED BY _____
ADDRESS _____

checking account opened by a friend, who returns an introduction card. Another interesting note is that the cards are more personalized than the usual variety; copy carries the introduction to President Linton E. Allen.

BANKING

Murals

THE UNVEILING of four lobby murals by John Stuart Curry recently completed the modernization program at THE FIRST NATIONAL BANK, Madison, Wisconsin. On this occasion, the bank distributed a handsome brochure reproducing the murals and telling the romantic history of the institution's progress since 1853. These life-like, full color reproductions of pastoral Wisconsin make the piece a desirable memento.

Souvenir

FIRST NATIONAL BANK of Great Falls, Montana, writes an interesting squib on bank gifts. Over the past three years, the bank has been mailing attractive copper ash trays to friends throughout the world. These trays carry a bank inscription, are fashioned in the shape of the early gold pans used by the '49ers, and are produced by the local Anaconda Copper Mining Company. While many of the items have found their way into private collections, both the Chase National and Wells-Fargo proudly display them in their famous museum exhibits.

Stopper

TRY THIS ONE on your printer, if you want a simple but striking desk sign. Rod Maclean, manager of advertising and publicity, CALIFORNIA BANK (San Francisco) gives these specifications: This message—"My will is up-to-date. . . . Is Yours?"—is printed on a piece of paper $1\frac{7}{8}" \times 2\frac{3}{8}"$, this in turn is placed between two sheets of celluloid $3\frac{3}{4}" \times 4\frac{1}{8}"$ and laminated. The laminated sheet is then fitted into a slotted base of half circle molding, bevelled at the ends. Here is a sign idea which looks as though it belongs on an officer's desk;



Mr. Maclean, left, delivers first new-type desk sign to Vice-president B. L. Smith

which intrigues those who see it; and which, because of its novelty, will assure a reading of its message.

Credit's Story

THE LATEST employee manual supplement, issued in conjunction with "Number Eight," house organ of THE NATIONAL CITY BANK of New York, gives a dramatic history of personal

credit. The manual traces the development of the "new venture in democratic finance" launched by the bank in 1928, with a departmental unit of four employees, to its present status. Here are some astounding figures: In 14 years, the bank has issued 3,267,000 loan applications; actually closed 2,565,000 loans, aggregating \$692,337,000 of credit. Fraud losses in 1941 represented 2/1000 of 1 per cent, which is approximately half the best previous year, and is about one-fifth the average for the life of the department. For the record the manual supplement touches upon the human interest phase of the business, gives an

outline of procedure, and proves a case: "You can't lose money on an honest man, with a job, who borrows within his means!"

Special Check Service

AMERICAN TRUST COMPANY of San Francisco introduces a new check service feature, designed to put personal expenses on a wartime footing. The feature—a monthly personal expense record—is a simple folded sheet with a convenient receipts and disbursement form, intended to be used in combination with the customer's checkbook stubs and canceled vouchers. The re-



MEAT can be counted on!

MEAT PACKING is one of America's greatest industries. And the meat capital of the nation is Chicago.

Chicago's packing plants have an annual output which is by far the greatest of any city in the world.

The Continental Illinois National Bank and Trust Company is proud to signalize the achievements of another great industry—one which is ready to serve the nation alike in time of peace and in time of war.

Continental Illinois National Bank and Trust Company

OF CHICAGO

Member Federal Deposit Insurance Corporation

ceipts column provides for income entries under the headings of wages, commissions, dividends, interest, rents and royalties—with a provision also for salary deductions. The expense section covers savings and Defense Bonds, insurance, direct personal taxes, housing, and on down the list of daily disbursements. The records are invaluable for income tax purposes and for stopping the leaks in what might be called—personal wartime economy. For the first three months after introduction, the bank inserts the forms in regular statements; after that upon request.

The Colors

PRINTER'S INK has been made to match every hue in the spectrum—and then some. But, it is mighty interesting to note that today, as far as bank advertising is concerned, there are three new primary colors—red, white and blue. When the printing buyer stops to think that most people are color conscious; that it exercises tremendous psychological reaction—that, in fact, any printing job regardless of its purpose, can be made to tell a patriotic story by color specification, then it seems there is a real motive to use the

national colors on every piece of literature. What brings up this thought is a little piece received from the STANDARD NATIONAL BANK of Woodside, New York. The folder dramatizes patriotism simply in color; the purpose of the piece is just a formal statement of condition.

Money Management

THE MERCANTILE-COMMERCE BANK & TRUST COMPANY recently promoted a letter-writing contest on money management to encourage new savings business in St. Louis. The contest formed the spearhead of an intensive selling campaign which featured an abridged version of a money management booklet issued by the A.B.A. Savings Division. Contestants were required to submit a letter of 500 words or less on the subject "How I Manage My Personal Finances." Suggested outlines covered personal spending and savings programs, household budgeting, etc. Prizes of \$200, \$25, \$15 and \$10 attracted several thousand entries from Missouri and Illinois. The net result of the event tallied a distribution of 20,000 savings leaflets and 7,000 money management booklets.

Reproduction

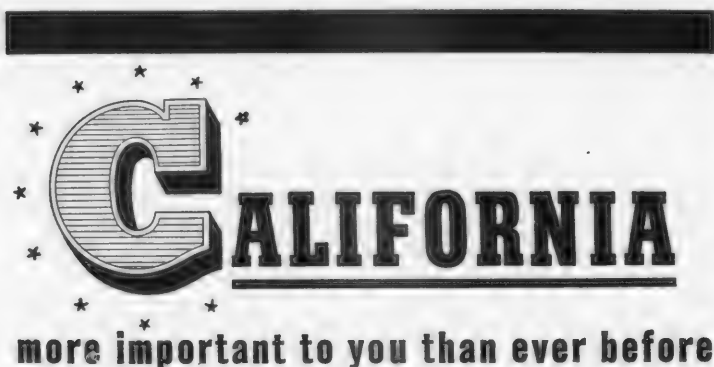
A TIMELY GESTURE has been made by the PUBLIC NATIONAL BANK of New York City in behalf of Defense Bond sales. The bank issues a 22 by 16 inch reproduction of the closing sentence of the President's war declaration, printed with a rich blue border on fine paper in red, white and blue design. The piece is suitable as a poster or for framing. The memento has been offered to the public in recent Defense Bond newspaper advertising. Copies are available by addressing Daniel F. O'Meara, assistant vice-president.

Hint to Taxpayers

TAX Savings Notes of the new series, dated January 1, 1942 and maturing January 1, 1944, are acceptable in payment of Federal income, estate, and gift taxes.

Defense Savings Stamps will be accepted at face value in payment for these notes. Thus taxpayers with small incomes can accumulate Defense Savings Stamps out of earnings until \$25 worth of stamps have been accumulated, when the holder may exchange them for a \$25 Tax Savings Note.

The new notes are now available in denominations of \$500 and \$1,000, in addition to the \$25, \$50 and \$100 denominations of last year.



more important to you than ever before

CALIFORNIA is a most important state with tremendous defense contracts and war orders—many of which are financed by Bank of America. From every part of the Union flow vital necessary materials. Now, more than ever before, your bank needs representation in this state. A correspondent relationship with Bank of America places you in effective touch with California's vital defense industries through 495 branches in 307 cities and towns of the state.

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION


MEMBER . . . FEDERAL RESERVE SYSTEM — FEDERAL DEPOSIT-INSURANCE CORPORATION

Complete Banking Facilities in Each of 495 Branches in 307 California Communities

Commercial - Savings - Trust - Safe Deposit

Main offices in two reserve cities of California . . . San Francisco - Los Angeles

"Serves you best in the West"



Blue and gold BANK of AMERICA TRAVELERS CHEQUES are available through authorized banks and agencies everywhere. Carry them when you travel.

North of the Border

DURING the past few weeks, Canadians have learned more of what the war is to cost them in dollars as well as in material sacrifices. The burden is now distributed on the shoulders of 11,419,896 individuals according to figures of the 1941 decennial census, just released. They will have to anticipate a national budget of about \$3½ billion in the fiscal year 1942-43, according to a provisional estimate of the prime minister.

This will include an outright gift of \$1 billion to Great Britain in the form of munitions, foodstuffs and other supplies. The mother country is known to be short of Canadian dollars; \$400 million of Canadian securities have already been repatriated and approximately \$295 million only remain to provide dollar credits for the purchase of much-needed equipment and materials. In addition to the above gift, the existing British sterling debt to Canada is to be converted to a loan of \$700 million which will be non-interest bearing for the duration of the War. A plan for retirement will be arranged subsequently.

To view the budget estimate of \$3½ billion in its proper perspective, comparison should be made with government expenditures of \$553 million in 1938-39. In fact the total net debt of the Dominion was only \$3,152 million in that year. The national income has expanded proportionately, however, having reached \$5,234 million at the close of 1941, a figure exceeding the 1929 peak of \$5,148 million and representing an increase of 87 per cent over the 1933 depression low. Well over half this amount will, therefore, have to be absorbed in taxes and loans.

All sacrifices are not financial, however. Details of the gasoline rationing scheme which goes into effect on April 1 have been made known. Coupons will be issued to all registered automobile owners. Commercial vehicles will be eligible for unlimited quantities, while non-essential cars will be restricted to 300/380 imperial gallons per annum, allowing approximately 5,400 miles of pleasure driving. Doctors, nurses, commercial travellers, etc. will receive special consideration, but American tourists will be allowed gasoline on the same basis as Canadians who drive for pleasure. This should be adequate for ordinary holiday trips. Changes in the visible national supply of gasoline will, of course, necessitate revision of

the value of coupons from time to time.

Although there appears to be no impending shortage of sugar in the Dominion, consumers have been restricted to three-quarters of a pound per week since the end of January. While there are severe penalties for violating this order, no coupons or ration tickets are being issued.

Some comfort has been gained by the announcement that the rise in the cost of living has been checked momentarily, at least, by the government's "ceiling"

on all prices and wages. However, western Canadian farmers object to a ceiling on farm products; a delegation of 450 recently presented a petition to the government to this effect requesting at the same time advance payments of \$1 per bushel on all deliveries made to the Federal Wheat Board. Farmers have been particularly hard hit by labor shortages coupled with demands for higher wages; clothing and equipment are also more expensive.

A CANADIAN CORRESPONDENT



SELECT PARSONS PAPERS TO INSURE *Business Prestige*

The character of a business establishment is reflected by the quality of its stationery. Be sure your firm makes the best possible impression by using PARSONS RECORD PAPERS for letterheads, records and documents of all kinds.

Backed by 80 years' experience, they are without peer in the fine paper field. Cotton fibers give them strength to withstand hard use, then last for generations without showing signs of wear. The smooth writing surface can't be harmed by erasures or thumbing. Write for samples today.

Sample books of these grades can be obtained from your Printer, Lithographer, Parsons Merchant or direct from the mill.

PARSONS RECORD PAPERS... OLD HAMPTON BOND • GOTHIC BOND
LACONIA BOND • SCOTCH LINEN LEDGER • PARSONS LINEN LEDGER
DEFENDUM LEDGER • MERCANTILE RECORD • PARSONS INDEX

Parsons

BONDS
LEDGERS
INDEX

PAPER COMPANY • HOLYOKE • MASS.

Heard Along MAIN STREET

This material is compiled for BANKING by Albert Journeay, who is in charge of the Purse Company's Chicago Office.

COLONEL HANFORD MACNIDER, chairman of the board, First National Bank of Mason City, Iowa, whose distinguished war and post-war record was reviewed in this column in February 1940, is again back in the Army. He has returned to active service duty on a special assignment.

★

ANOTHER banker called into active Army service is Colonel THOMAS J. MORONEY, vice-president, Republic National Bank of Dallas, Texas. He has been appointed morale officer of the Third Army Staff.

Colonel MORONEY is a graduate of the Army War College, and in 1924 and 1926 served on the general staff of the War Department.

In World War I he was with the 5th Division, A.E.F., and was awarded the silver star medal for gallantry and the Order of the Purple Heart.

★

FRANCIS MARION LAW, president, First National Bank in Houston, and a past president of the American Bankers Association, has been appointed to the National Panel of Arbitrators, American Arbitration Association. This association, a national non-profit organization, may call upon Mr. LAW to act as impartial arbitrator in commercial or industrial controversies involving war material production. Membership in the panel includes educators, professional men and business men.

★

ROBERT V. FLEMING, president and chairman of the Riggs National Bank, Washington, D. C., and former president of the American Bankers Association, and JOHN Q. ADAMS, a director of the Continental Illinois National Bank and Trust Company, Chicago, have been elected public governors of the New York Stock Exchange.

Mr. FLEMING, a lieutenant commander in the United States Naval Reserve, is a director of the Metropolitan Life Insurance Company and of several large corporations.

Mr. ADAMS was formerly in banking with his father.

★

O. HOWARD WOLFE, vice-president and cashier of The Philadelphia National Bank, has been granted a leave of absence to join the staff of the Philadelphia Ordnance District, United States Army.

Mr. WOLFE, long prominent in bank administration and educational work, has been a member of The Graduate School of Banking faculty since the School was founded. Active in local and national affairs of the American Insti-

tute of Banking, he is also a member of the extension committee, Financial Advertisers Association, which is in charge of developing publicity on behalf of banking.

During the first World War Mr. WOLFE was chief secretary of the Y.M.C.A. personnel bureau with the A.E.F. A banker since 1899, he was a member of the organizing committee of the Federal Reserve Board in 1915 and set up the gold settlement fund at Washington.

Mr. WOLFE has resigned as cashier of the Philadelphia National. MILTON D.

(CONTINUED ON PAGE 60)

It Seems Like Yesterday

Do you still have that high school commencement picture, or maybe a photo of yourself when you became a banker? Will you send it to us?



AFTER some very careful search and research, ROBERTSON GRISWOLD, vice-president of the Maryland Trust Company, Baltimore, was able to report that the photograph above was taken in 1919, soon after his discharge from the Army and a few months before he was married.

"I was with the investment banking house of Alex. Brown & Sons at that time, and the following year I became associated with the Maryland Trust Company," Mr. ROBERTSON recalls.

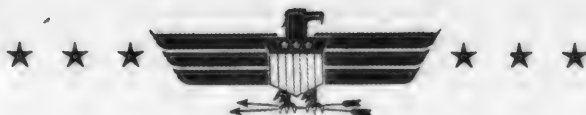
He is much interested in aviation, having served in the Air Service of the U. S. Army during the last war. Also he likes to read history, particularly the story of the "War Between the States."



"THIS PICTURE," says H. E. COOK, president of the Second National Bank, Bucyrus, Ohio, "was taken in Toledo, Ohio, in June, 1921. The occasion was that I was taking my Scottish Rite degree.

"I was treasurer of my Scottish Rite class at the time."

Mr. COOK's present interests center in banking. He is active in affairs of the A.B.A. National Bank Division, being chairman of its Federal legislation committee, and its former president. In addition to his duties as head of the Second National, he is much interested in his farm which, he says, gives him an opportunity for "outside diversion and good fresh air."



HOW TO PLAN YOUR LIFE INSURANCE IN TIME OF WAR

IF you now have enough life insurance protection to keep your family on its feet financially in event of your death, we do not urge you to buy more at this time but recommend that you put the money you would normally invest in additional insurance into Defense Bonds.

If your family is not so protected, it is your duty to your nation as well as to your dependents to do your best to insure against their becoming a burden on others already carrying their full share of war's burden. There is only one way to do this — through life insurance.

However, under today's conditions we suggest you approach the purchase of life insurance differently than in normal times. Of course the policy you buy should still fit your needs, and by no means should you disturb your present insurance. But in general, as between so-called "investment" policies with high premiums and high accumulations, and low-premium policies with lower accumulations, stressing life-long protection against death, we recommend the latter to today's buyer.

Put the difference into Defense Bonds. Your Government has first call on your current savings, and offers you a fair interest return.

Several forms of insurance provide life-long protection with a minimum of investment. Your NWNL agent will be glad to explain them, without obligation. He has an extra incentive to give you sound, unbiased counsel; he is paid primarily not for his new sales but for the quality of his service to policyholders, as indicated by their persistence in keeping in force the insurance he has sold them.

Northwestern *National* Life

INSURANCE COMPANY OF MINNEAPOLIS

O. J. Arnold



President



MAIN STREET—Continued

REINHOLD takes his place, with the title of vice-president and cashier.

★

A BANKER's service as foreman of a grand jury recently drew editorial praise from the *San Francisco News*.

J. F. SULLIVAN, JR., vice-president of the Crocker First National Bank, San Francisco, provided the jury with leadership which, said the newspaper, was "primarily responsible for the session's success."

"Mr. SULLIVAN," continued the *News*, "has what it takes — courage, aggressiveness, determination, a high sense of the dignity of public service, and a genuine devotion to the city. Once he started an inquiry, neither hell nor high water could stop his finishing it."

"He made this grand jury a vital part of the government, which it should be. It was the eyes, ears and nose of the public in discovering and uncovering what was going on in all branches of the city service. It did not hesitate to step into controversial matters and its interim reports cleared the atmosphere

for positive action in several important instances."

Mr. SULLIVAN is a past president of the California Bankers Association.

★

AS PRESIDENT pro tempore of the Texas State Senate, Senator H. L. WINFIELD, president, Pecos County State Bank, Fort Stockton, serves as governor in Governor Stevenson's absence.

Senator WINFIELD has played a major part in the affairs of his city, county, and state, for over 30 years. He has held a number of county offices, been mayor of the city, is active in Masonic work and is a past president of the Lion's Club. He has been genuinely helpful to all civic enterprises.

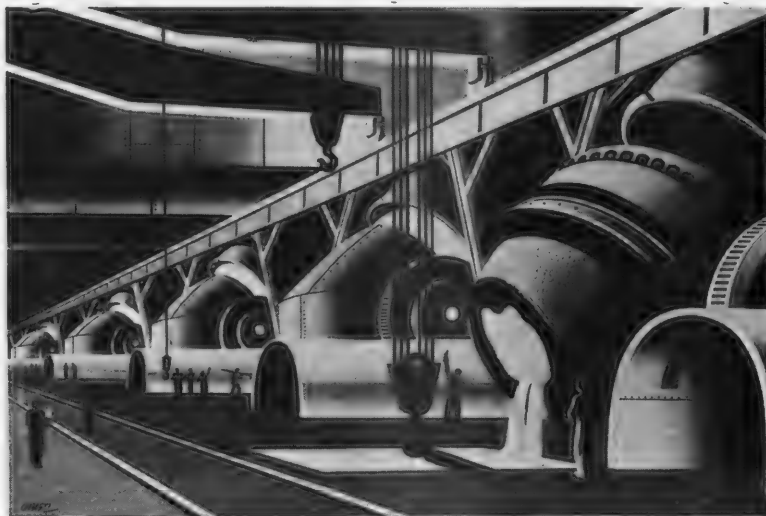
He owns a ranch of more than thirty sections near town where he frequently entertains his friends. In addition to cattle and sheep, he has many fine saddle horses, some deer and a small herd of antelope.

★

LEWIS E. PIERSON, former honorary chairman, Irving Trust Company, New York, and chairman of the board of regents, The Graduate School of Banking, has been named chairman of the New York Defense Savings Staff for the metropolitan area. He succeeds Lewis W. Douglas, who is helping W. Averill Harriman supervise lend-lease operations in London.

★

D. H. TUTTLE, advertising manager, First National Bank of Memphis, Tennessee, who shares with all of us the belief that each should do his full part in this emergency, is doing his bit as a member of the State Guard. Mr. TUTTLE joined the State Guard last Summer when it was organized on the same basis as the former National Guard, except that it is not subject to service outside of the state. The Memphis battalion is made up of five companies which include men from all of the city's larger banks.



THE DOUBLE LOAD OF BUSINESS

GONE are the uncertainties of 1941. Our nation's course has been set and its full-time duty is now all-out production for victory. Dislocation of our normal economy is the necessary price which we gladly pay for the ability to defend our freedom. But business has a double load in maintaining both military production and basic civilian requirements.

The American National Bank considers it a privilege and a duty to cooperate fully with Chicago business in meeting these unusual conditions. The same spirit actuates our relationships with correspondent banks throughout the nation. This willingness to go beyond mere routine is a factor of increasing importance in inter-bank associations during these times.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET AT WASHINGTON

Member Federal Deposit



Insurance Corporation

OUR BUSINESS IS TO HELP BUSINESS



BANKING



BETHEL EISERMAN, cashier, Security Bank of Branson, Missouri, in the heart of the "Shepherd of the Hills" country, is one of Missouri's best coon hunters. He's shown with his famous hunters, Queen and Webb, and is holding 10 coon pelts, the state limit, taken in two nights of hunting

ROBERT MCINTYRE, 73, for 33 years manager of the vault department of the Summer Street Branch of Boston's First National Bank, has retired after more than 55 years of service in the banking business.

Mr. MCINTYRE started his banking career with the Commonwealth Trust Company. Known to thousands of Boston business men, he has also established a wide reputation as a local historian and is intensely proud of Boston.

As president and secretary of the Massachusetts Safe Deposit Association for the past quarter century, he has kept the records of that organization in beautiful long-hand writing, remarking frequently that "typing has no character."

In answer to the question "Would you advise young men today to take up banking as a career?" he replies emphatically: "Of course."

"If I were a young man again I would start as I did years ago, but I would advise supplementing the practical training of the bank by outside courses of study now offered by local chapters of the American Institute of Banking. In my day studious-minded lads were offered no definite courses of instruction whereby bank clerks could learn to be bankers. Men learned the hard way in the school of experience; sometimes they turned out to be good bankers but in other cases what they had failed to learn even in banking fundamentals proved unfortunate to the institutions that employed them."

March 1942

CORRESPONDENT SERVICE IN THE WEST INDIES

THE Royal Bank of Canada operates 42 branches throughout Cuba, Puerto Rico, Haiti, the Dominican Republic and the British West Indies. The complete facilities of these long-established branches are available to American banking institutions seeking correspondent service in these islands.

*Inquiries invited through our
Business Development Department
New York Agency, 68 William Street*

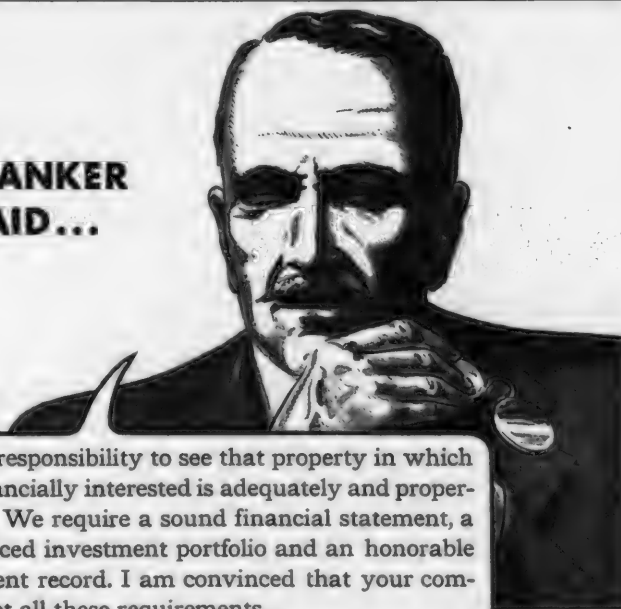


THE ROYAL BANK OF CANADA

Assets exceed \$1,000,000,000

Head Office—Montreal

A BANKER SAID ...



It is my responsibility to see that property in which we are financially interested is adequately and properly insured. We require a sound financial statement, a well-balanced investment portfolio and an honorable loss payment record. I am convinced that your companies meet all these requirements.

THE London & Lancashire G R O U P

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (FIRE DEPARTMENT) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA



A. L. M. WIGGINS, president, Bank of Hartsville, South Carolina, and second vice-president of the American Bankers Association, has been made president of the South Carolina Press Association. He publishes the Hartsville *Messenger*.

★

BRUCE EASTMAN, assistant cashier and credit manager of the First National Bank, Kenosha, Wisconsin, plays the first clarinet in Kenosha's crack 40-piece American Legion band. During World War I he played the same instrument in the 340th Infantry band.

Before joining the Army he had been

a banker for about nine years and when, while serving overseas, this information came to light he was taken out of the band and given the job of auditing officers' pay vouchers. Music was evidently more necessary for morale than money, or accountants more numerous than good musicians, for he was shortly retransferred to the band at the request of its leader.

While Mr. EASTMAN is an excellent musician he has had no other training than that given him as a boy by his mother. She, however, was an accomplished musician and a graduate of the Conservatory of Music at the University of Michigan.



MISS NELESEN

ELSIE A. I. NELESEN, secretary to Treasurer Rudolph E. Wiese, of Bergen Trust Company, Jersey City, New Jersey, raises turtles for a hobby—and profit.

Turtles, so it seems, have a habit of returning home at eventide. Even though their mistress has traded them for pieces of silver, they forgive and forget, and insist on coming back to the old homestead.

Elsie's turtles live and multiply in her West New York fenced-in garden; but the turtle business was so good last Summer that the stork kept coming right up to November. Four dime-sized turtles had to be brought inside when cold weather arrived.

They buried themselves in a shallow box of sand and haven't been seen since.

★

STUART C. FRAZIER, executive vice-president and trustee of Seattle's Washington Savings Bank, and president of the A.B.A. Savings Division, has been elected treasurer of the Seattle Chamber of Commerce. He was chairman of its membership committee last year, and is also a trustee of the organization.

★



ALEC DALY of the National Bank of Washington, Tacoma, is an accomplished prestidigitator and has perfected about 500 tricks. He keeps quite busy in his spare time giving performances before various local groups. The picture shows him as an entertainer at the bank staff's annual Christmas party

CENTRAL HANOVER BANK AND TRUST COMPANY

NEW YORK



Statement of Condition at Close of Business
December 31, 1941

ASSETS

Cash and Due from Banks	\$465,995,658.56
U. S. Government Securities	628,730,617.48
State and Municipal Securities	59,674,401.87
Other Securities	21,915,481.38
Stock in Federal Reserve Bank	2,430,000.00
Loans and Bills Purchased	227,288,808.28
Real Estate Mortgages	6,488,222.11
Banking Houses	14,550,011.00
Other Real Estate	958,918.77
Interest Accrued	1,675,872.08
Customers' Liability Account of Acceptances	2,120,434.45
Total	\$1,431,828,425.98

LIABILITIES

Capital	\$21,000,000.00
Surplus	60,000,000.00
Undivided Profits	17,530,408.85
Reserve for Taxes,	
Interest Accrued, etc.	3,479,895.17
Dividend Payable	
January 2, 1942	1,050,000.00
Acceptances	2,190,662.97
Deposits	1,326,577,458.99
Total	\$1,431,828,425.98

There are pledged to secure public monies and to qualify for fiduciary powers

U. S. Government Securities \$82,032,846.86

Member Federal Deposit Insurance Corporation

The Folly of Hoarding

ADDRESSING an audience at the University of Illinois Farm and Home Week Program, Chester C. Davis, president of the Federal Reserve Bank of St. Louis, said:

"The report has reached me, as I suppose it has come to others in the money and credit field, that some depositors, particularly those with savings accounts, are withdrawing their deposits in currency and hoarding it in safety deposit boxes or elsewhere. The movement is so senseless and unjustified that I cannot believe it to be really widespread and general. But I have heard enough about it to warrant my discussing it here and at every opportunity.

"It is said that these withdrawals are caused by fear that the national Government is going to tax, or confiscate, or commandeer these savings accounts for investment in Defense Bonds. There are no grounds whatsoever for these fears. The Government not only has no intention of the sort and won't do it; any such step would directly contradict the policy which the Treasury is following, and must follow, in financing the war.

"Bank deposits already finance nearly \$20 billion which the banks have invested in government securities. There would be no gain to the Government if existing savings on deposit with banks, which the banks in turn have invested in government securities or loans, were forced into direct investment in defense bonds bought by individual depositors. Banks would be forced to sell on the one hand what the individuals bought on the other.

"I CAN understand why an individual depositor might prefer to invest directly a part of his savings in Defense Bonds, but I can't for the life of me see how he thinks he is protecting himself or his future by withdrawing currency and sitting on it like an old hen sitting on a doorknob. It must be a hang-over from the days when it was possible to hoard gold or gold certificates in anticipation of a rise in the value of gold in terms of currency, such as occurred during and after the Civil War. But no such reason can exist today. Defense Bonds, like currency, are non-market-risk obligations of the Government. Defense Bonds are redeemable, without loss to the holder. The main difference is that the bonds yield an interest return, and currency does not.

"What the Treasury really wants is

to have more and more Defense Bonds purchased out of current savings from current earnings and income. That makes sense. The object isn't only to get finances for the war, it is also to reduce the percentage of current income spent in the market for goods at a time when the supply of goods for civilian consumption is being sharply reduced by the conversion of factories and materials to war production.

"No, the Government is not going to move in on the past savings of its citizens.

"I DON'T think any of us can be sure that it may not take steps to compel future savings to be made and to be invested in Defense Bonds. But there is a vast difference between the two propositions which I hope I have cleared up a little."



HIGHLIGHT OF CHICAGO'S HISTORY
—Evacuation of Old Fort Dearborn, August 15, 1812. In the field of finance, too, Chicago has her historical highlights. Prominent among them is the founding of The Northern Trust Company in 1889.

HELPING OUT-OF-TOWN BANKS

DEVELOP CUSTOMER SERVICE

The remoteness of a correspondent bank is no limitation on the completeness of service rendered to it by The Northern Trust Company. A connection here can prove as close and as beneficial as the correspondent wishes. For, in addition to the normal, routine service involving day-to-day transactions, this bank also makes available

to its associates highly developed facilities for special fact-finding. Such essential information, together with the opportunity to consult with a friendly, competent personnel, enables correspondents to broaden their usefulness to their own customers and communities. Inquiries concerning a connection here are invited.

THE NORTHERN TRUST COMPANY

50 SOUTH LA SALLE STREET, CHICAGO

Member Federal Deposit Insurance Corporation

Can Congress Save for Victory?

SHOULD not Congress, in 1942, eliminate all needless appropriations in order to meet the huge war cost? This is a question which bankers, business men and taxpayers are asking. Certain members of Congress and many private research groups are answering "Yes!"

The Brookings Institution recommends reductions of \$2,085 million in the Federal budget for the coming fiscal year. This famous statistical organization, in a recent study of non-essential Federal expenditures, points

out that the national income for the current fiscal year has risen to an estimated \$95 billion compared with a \$60 billion average for the years 1935-36-37. Congress, therefore, has no need to continue nondefense spending as it did when unemployment was a critical national issue. The Institution says flood control should be cut by \$350 million; agriculture by \$625 million; and public welfare by \$615 million.

The Joint Congressional Committee on Nonessential Expenditures, headed

by Senator Harry F. Byrd of Virginia, recommends a reduction of \$1,301 million in the coming fiscal year. The committee would abolish the Civilian Conservation Corps and the National Youth Administration at a saving of \$338,727,000; reduce WPA appropriations by \$400 million; benefits to agriculture by \$400 million; and public works by \$97,726,000.

Compared with a \$50 billion-a-year war expenditure these recommended reductions may seem small; but as a trend and policy on the part of Congress they loom large. It is essential that this trend to nondefense saving be translated into fact in the 1943 Federal appropriations now in preparation. The reductions in certain departments must be made against opposition of strong organized lobbies; and support for economy from citizen, state and local organizations of every type will be necessary to put these cuts into the budget and make them stick.

THERE is HR 5993, the Omnibus Rivers and Harbors Bill, which carries authorizations for first costs of about \$1 billion. Eventual expenditures will far exceed initial costs. The authorizations cover 236 projects in 31 states. Over 140 of the items are for projects which were either previously vetoed by the President or failed to pass because they were economically unsound. Only a small per cent of the projects are recommended primarily for defense purposes.

There are two veterans' pension bills involving large appropriations which the Senate will consider early this year. HR 4845, passed by the House last July, was ostensibly written to increase compensation for totally disabled veterans. Hidden in the bill is a pension of \$40 a month for all veterans at the age of 65 whether or not they have suffered any disability during or after their service. The eventual cost of HR 4845 to the taxpayers is estimated at about \$5 billion.

HR 4, also passed by the House, would entitle the veteran's whole family to compensation at monthly rates varying from \$12 for the family with no widow but one child, to \$34 for the family with a widow and two children. These bills are only two out of 120 introduced by veterans' organizations at the last session of Congress.

COLBY DORR DAM
Citizens Emergency Committee on
Nondefense Expenditures

BANKING

GMAC

GENERAL MOTORS ACCEPTANCE CORPORATION

is engaged primarily in facilitating wholesale distribution and retail sales of consumer goods manufactured by GENERAL MOTORS CORPORATION and its affiliates or sold by dealers in its products, such as automobiles and trucks; refrigeration and air conditioning appliances; lighting, power and heating equipment.

The business consists of investments in self-

liquidating credits, which are widely diversified as to region and enterprise, capital employed being in excess of eighty million dollars.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.



These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK BRANCHES IN PRINCIPAL CITIES

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FULTON CORRESPONDENT SERVICE

FULTON NATIONAL
ATLANTA *Bank* GEORGIA

Booklets at Your Service

SELECTED FOR THEIR INTEREST TO YOU

We'll be glad to see that you get a copy of any or all of these booklets, free of charge or obligation. Each one has been carefully selected for its special value to bankers and business executives. Simply mail your request on bank or company letterhead to Dept. BB-9, American Bankers' Association, 22 East 40th Street, New York, N. Y.

OFFICE MANUAL OF LOOSE LEAF BINDERS

One of the leading manufacturers of office equipment and supplies has just issued a handsome, 96-page catalogue that fully describes every type of binder, plus related forms and equipment, that banks need. The catalogue embodies a new marketing policy—it is a complete buyer's guide, its illustrations inform rather than glamorize, and it lists prices of all items. Bankers will find it an indispensable aid in planning their purchases.

NEW MARKET FOR MORTGAGES

Real estate and mortgage officers of banks are watching the progress of prefabricated houses with keenest interest. Bankers who loan money on today's defense housing—and who will loan money on tomorrow's peace-time homes—must keep posted on developments in prefabrication. Here is an industry-within-an-industry that has grown overnight and is now erecting tens of thousands of houses and other buildings for the defense program. In this 16-page illustrated, factual and informative booklet issued by a pioneer in the prefab field, much important data are revealed about prefabricating materials, methods, requirements, shop equipment and organization.

44 WAYS TO PROTECT BANK ACCOUNTS

This 16-page, smartly illustrated and exceptionally well written booklet on disbursement methods—their use and misuse—analyzes 44 ways bank customers can employ to safeguard their funds by following a modern disbursement system. Various control practices are scrutinized, such as those over check purchases, inventory and preparation, reconciliation, insurance, accounts payable procedure, payroll procedure, dividend disbursement, and so on. The booklet should help you help some of your customers.

TAXES AND TRUST DEPARTMENTS

The question of estate planning to save taxes and administration expenses is particularly important to trust officers at this time. So, you might like to examine a recent issue of a 12-page booklet prepared each month by tax experts and sold to banks for distribution to their customers and prospects. The booklet presents actual tax conversion plans, is easy for the layman to understand, and offers suggestions that are practical and readily applied. A number of banks have found this booklet an inexpensive, satisfactory method of developing trust business.

Booklets Still At Your Service

SECURING PERSONAL LOANS

A 20-page brochure that ably presents the advantages of insurance on the life of the debtor in favor of the creditor, the ways in which credit life insurance works, and various plans on this type of coverage that bankers have found exceptionally satisfactory.

HOW FLUORESCENT LIGHTING WORKS

This 50-page catalogue depicts and describes more than a dozen different kinds of fluorescent lighting fixtures, adaptable to bank uses. It presents typical installations, offers layout suggestions, gives design data, lighting data and prices.

SAVE 25% IN FUEL COSTS

Many banks have cut heating and cooling costs, increased usable floor space, reduced dust damage and safeguarded employee health by installing modern revolving doors at entrance ways to their institutions. Here is a color-illustrated booklet describing the newest in revolving doors which have reinforced "all-glass" construction and test-proven electric eye control.



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- ✓ **SWIFTER:** Completely automatic. Continuous non-stop figure production at the unprecedented speed of 1300 Calculations Per Minute.
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- ✓ **EASIER TO OPERATE:** No schooling or previous training is needed. Can be kept constantly busy...moved from desk to desk or office to office, wherever figure work needs quick handling.

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HOME OFFICE: OAKLAND, CALIFORNIA, U. S. A.
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Without obligation, you may send date showing many ways MARCHANT CALCULATORS INCREASE EFFICIENCY AND REDUCE COSTS IN FIGURING.

Firm _____
Individual _____
Address _____
City _____ State _____

Ancestry of Some Banking Terms

IN conversations, you have often heard such expressions as "What's the state of his exchequer?" and "His exchequer is not in good condition." You know, of course, that in those usages the word *exchequer* means one's funds or finances or purse. Our English word *exchequer* comes from the name The Exchequer, which name was first applied in old-time England to the office of state that received and audited the royal revenues. But what you may not know is that the word *exchequer*, like the

EDWARD J. KILDUFF AND
RUDOLPH F. BROSIUS

In the February issue of BANKING Professors KILDUFF and BROSIUS of New York University told some stories about the origins of financial words. Here are further results of these experts' etymological research.

word (bank) *check*, came from the game of chess. For *exchequer* is merely the

English spelling of the Old French word *eschequier* which meant chessboard. Its present-day meaning came about in this fashion: In the days of King Henry I of England (he reigned from 1100-1135), a group of justiciars appointed by the King met twice a year to receive and audit the royal revenues and to hear legal cases involving these revenues. These men sat at a table that was probably covered with a cloth marked off into squares like a chessboard. Accounts were reckoned by means of counters (or the actual money) placed in these squares. As time went on, this group of men came to be referred to as The Exchequer.

The word *canceled* in the expression *canceled check* is derived from the Latin word *cancelli* which meant a small lattice. In the early days of banking, bankers used to draw by hand straight criss-cross lines through the face of the check immediately upon paying it. This practice was adopted to safeguard against paying the same check twice should it be lost in transit to the depositor or otherwise get into the hands of an unscrupulous person. Since these crisscross lines resembled lattice work, the paid check began to be referred to as being *canceled*, that is, as having received a crossing out or latticework, which indicated that the check was now void.

The word *bank*, as used in such an expression as the First National Bank, originally meant the table or counter of a money-changer. It comes to us from the Italian word *banca*, which came to the Italian from the German language. It was probably brought into Italy by the Lombards, a Teutonic tribe that invaded Italy in 568, members of which became famous as money-lenders and bankers.

THE word *bankrupt* has had an interesting history. It is derived from the two Italian words *banca* (meaning "a money-lender's table or counter") and *rotta* (meaning *broken*). It is conjectured that the early Italian money-lenders and money-changers in prosperous Venice conducted their business in public squares and market places, and near churches—wherever people congregated who might have need for their services. In addition to their ready money and their account books, they probably carried with them to such places a small portable table and a chair; and they probably occupied there the same business location day after day so that their customers would know where to find them.

We're ready to help you help

WAR PRODUCTION

...by sharing your excess loans

WHEN A CUSTOMER wants more than your bank can legally lend, we would welcome the opportunity to talk to you about the excess portion.

At present we are cooperating with many banks in many localities. We are ready to help you do your full share in financing the war industries in your community.

Write or 'phone us. Your inquiry will be given prompt attention by our experienced loan officers.

**THE NATIONAL CITY BANK
OF CLEVELAND**



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



A VITAL NECESSITY

Reference to old records is vital to increased production; vital to computation of taxes; vital for proof in case of dispute. Systematic storage of old records is a patriotic duty for today's efficiency is patriotism.

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Letters, Checks, Deposit Slips, Invoices, Time Cards, Sales Slips, Ledger Sheets, etc.

As much as 24 inches of filing space for as low as 80c.

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At New York's Grand Central Terminal just toss your bag to a porter and say "Hotel Roosevelt" . . . He'll escort you through our private passageway, direct to the Roosevelt lobby . . . Time-saving convenience and complete comfort . . . Satisfying meals . . . Attractive rooms with bath from \$4.50.

HOTEL ROOSEVELT

BERNARD G. HINES, Managing Director

MADISON AVENUE AT 45th ST., NEW YORK

Whenever a money-lender became so involved financially that he could not meet his obligations, he was referred to as having a *banca rotta*, that is, as having a broken table. Whether his table was literally broken and left at his usual business location to apprise his creditors and customers that he was out of business or whether the expression *banca rotta* was a figure of speech (as in, "He broke the bank at Monte Carlo.") has not been ascertained. Whatever the original meaning of *banca rotta*—whether the expression was used literally or figuratively—those two words gave us our modern English word *bankrupt*.

The Railroads in Wartime

JOSEPH B. EASTMAN, director of Defense Transportation, tells what his office is not and what it is. "The Office of Defense Transportation is not a second United States Railroad Administration," he states; "the Government has not taken over the carrier properties. They remain in the hands of their private owners to manage and operate. The Office of Defense Transportation was created, not to drive the carriers with whip and spur, but to lend them the help and authority of the Government in the conduct of their affairs for the prime purpose, as stated in the opening words of the Executive Order, of assuring 'maximum utilization of the domestic transportation facilities of the Nation for the successful prosecution of the war.' The carriers are given the opportunity, with this potent aid, of achieving this essential result under, so to speak, their own steam and with their own officers in immediate command.

"At the same time, as director of the Office of Defense Transportation, I am given the duty of close surveillance of what they do, of developing plans to safeguard the future, of stimulating and promoting action along all necessary lines, of undertaking to assure the carriers the tools and materials which will enable them to do their part, of actually directing traffic movements if need be, and finally of keeping close watch over the situation, so that I may be in a position without delay to recommend to the President, or to the President and Congress, any further action that may be necessary."

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The Most Forgettable Character . . .

With apologies to The Reader's Digest

WEARE HOLBROOK

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IN THE life of almost every one of us there is some single vivid personality which, though encountered ever so briefly, leaves an indelible impression on the mind. It may be that of a teacher or an older relative who unwittingly shapes one's destiny. Or a chance traveling companion who utters a bit of homely philosophy which becomes one's watchword forever after. Or an elderly eccentric who fascinates one by the sheer unpredictability of his behavior.

It was a ne'er-do-well uncle who engraved himself most deeply on the memory of Stephen Leacock. In Manuel Komroff's case, it was a young Tibetan brush artist. In the case of Albert Payson Terhune it was, of course, a dog.

The most unforgettable character my cousin Wilfred ever met was a right guard on the Trailing Garter Teachers' College football squad. This right guard stepped on Cousin Wilfred's face, knocking out four front teeth, and Cousin Wilfred has talked like one of Chaucer's Canterbury Pilgrims ever since.

Too Many People

MEMORY LANE is a crowded thoroughfare, what with big-business executives "contacting" each other like peas in a pod, hard-won friends influencing people, and Sweet Alice waiting to pounce on Ben Bolt. Life is too short, and the sensorium too small, to accommodate all the names and faces that deserve their meed of remembrance. There are times when it is a genuine relief to call to mind someone who doesn't answer. It's like coming upon a blissfully blank wall in an overcrowded art gallery.

My life has been a very full one, especially on Saturday nights. As I look back over it, a parade of familiar figures files past—poets, painters, politicians and panhandlers. I can recognize them all in retrospect.

But among them there is one figure that persistently refuses to define itself clearly. It is that of the Second Assistant Paying Teller at the bank. I

have seen him hundreds of times, yet he remains as nebulous as skywriting on a windy day.

According to the brass plate on his window, his name is Mr. Blenkinsop, except on Saturday mornings when he becomes Mr. Hazzard. So I shall call him Mr. Blenkinsop. He must be somewhere between 35 and 40; in fact, I can almost, but not quite, hear him saying regretfully, "too young for the last war and too old for this war." He has a round, squarish face, and his hair can only be described as hair-colored. He wears rimless eyeglasses which are a mere flash in the pan, and his mustache, if he has one, is so minute that it might very easily be mistaken for a shadow.

Never having seen Mr. Blenkinsop except from the elbows up, I cannot say whether he is tall or short, paunchy or athletic. Even his face is a thing of mystery, being visible only in strips and segments through the grillwork of his cage. No doubt I could see it—curt, clear, complete—if I leaned forward, shut one eye, and peered between the bars at him with the other.

But one hesitates to encroach upon his bronze-bound privacy, for Mr. Blenkinsop has a chilly, almost federal reserve which bids one keep one's distance. So I content myself with facial frag-

ments, fitting them together mentally like a jigsaw puzzle.

Not that Mr. Blenkinsop isn't friendly, despite his official remoteness. His conversation is always cheerful, thoroughly predictable, and strictly noncontroversial. In the spring he says, "Well, it seems to be getting warmer"—and by golly, it *does* seem to be getting warmer. In the summer he says, "Well, this must be that hot spell we've been waiting for"—and there is no point in arguing that you haven't been waiting for any hot spell. In the autumn he says, "Well, I guess it won't be long until we get some real winter weather"—and sure enough, it isn't long until you get some real winter weather.

Hard-bitten Hazzard

ONE might expect Mr. Blenkinsop to step out of character a trifle on Saturday mornings when he appears in the role of Mr. Hazzard. The name Hazzard suggests to me a stocky, muscular man with steel-blue eyes, a leathery complexion, and close-cropped hair slightly graying at the temples—the hard-bitten, soldier-of-fortune type. He would speak in a voice that was hoarse from bellowing defiance to the elements, his remarks would be seasoned with salty expletives, and across one cheek there would be an interesting scar—a memento of some battle long ago. In short, he would be a vivid personality.

But as Mr. Hazzard, Mr. Blenkinsop remains pure Blenkinsop. His face is as vague and fragmentary as ever, and his conversational routine follows the old groove unerringly. Even his necktie is the same—a sort of brownish, grayish-blue mixture.

It's a small world, and a Second Assistant Paying Teller must come out of his cage occasionally. It is quite possible that I have passed Mr. Blenkinsop on the street many times without realizing it. Whenever someone whom I do not recognize greets me by name, I always ask myself, "Could this be that fellow at the bank?" But there is never any definite answer. Frankly, I can't remember Mr. Blenkinsop. However, as long as Mr. Blenkinsop remembers *me*—that's all that really matters.

I never can think who he is



DRAWN FOR "THIS WEEK" BY STUART HAY

One City's Defense Housing

Here is an account of what one community—Laconia, New Hampshire—has done toward meeting its defense housing problem. The city's largest industry was building a new plant, which meant the employment of 700 to 900 extra workers, and the president of the chamber of commerce appointed a housing committee, headed by E. HARRISON MERRILL, who sent BANKING the following account of what the committee did:

A SURVEY was made of the city, particularly as to vacancies, houses for sale, and available lots which could be purchased for low-cost housing construction. The committee was broken up into groups and the survey was made street by street, ward by ward. The information obtained was put on file.

We had a large map made of the city showing streets, schools, and the location of sewers, water supply and electric power. On this map we blocked in the location of each vacant lot which would be available for defense housing. The aim was to scatter whatever housing had to be constructed throughout the community rather than to have a large development on one plot.

We even checked the location of lots near schoolhouses and ascertained the number of additional seats which could be made use of in the various schoolhouses, the thought uppermost in our minds being that the city should not be burdened with additional expenses that would reflect in higher taxes and affect all property owners. We also wanted to construct whatever houses were necessary on streets already laid out, with facilities available.

WE OPENED a home registration office so that we might have a place where the public could get information and list its requirements. Our committee held a building clinic on four evenings; present at these meetings were an architect, contractors, plumbers, electricians, financial men, and others qualified to answer the public's questions.

A tentative outline was drawn up for a small corporation comprised of local business and professional men, to be known as the Laconia Housing Corporation. The purpose of this corporation, which would issue up to 200 shares of stock at \$50 per share, would be to create a fund of \$10,000 or less for the purpose of underwriting what local contractors and building men could not obtain under Title VI FHA loans, for its margin is 90 per cent and cannot

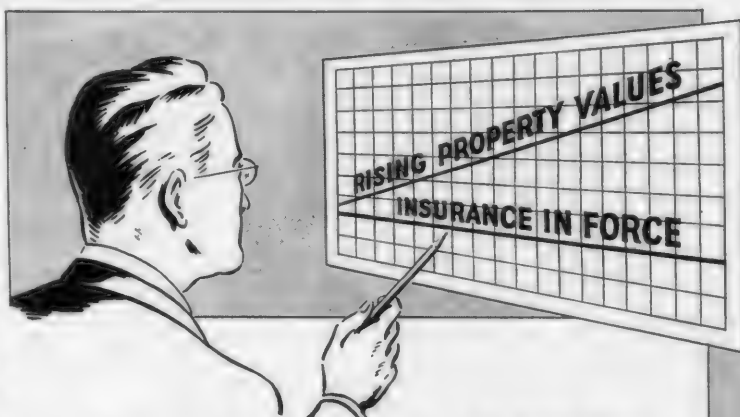
exceed \$4,000 on a single family unit, \$6,000 on a two family unit, \$8,500 on a three family unit, and \$10,500 on a four family unit.

It was the opinion that this corporation could underwrite the 10 per cent as the local banks had already gone on record as being willing to cooperate and advance the 90 per cent under an insured Title VI mortgage. Thus the defense housing program would be taken care of by local institutions which

would be in a better position to guide it, with perhaps greater savings to the community.

However, I do not want to infer that we are not willing to cooperate with the Defense Housing Coordinator's office for it is certainly doing a splendid work and a very constructive one in many instances.

E. HARRISON MERRILL
Chairman, Laconia (New Hampshire)
Housing Committee



Sounding the "ALERT" for Insurance Buyers

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Closer to the Job

Miss PATRICIA GREEVER, an employee of the Shoshone National Bank of Cody, Wyoming, and a member of the Shoshone Study Group, gives below her views of the practical benefits to be derived from American Institute of Banking educational courses. Her essay was first circulated by the Wyoming Bankers Association.

IN speaking of the benefits of an American Institute of Banking course, I can, naturally, only give the viewpoint

of the "back-room" worker and practically a rank amateur in the field of banking. But maybe because of this fact I am inclined to believe the benefits to be greater than if I had studied banking in a more formal fashion.

Important as the everyday work of a bank may be, the average employee is very apt to go through the mechanical motions of the day and realize little of the intricate workings of the various departments.

In our A.I.B. study class we have both officers and employees of four banks. The present class is studying commercial law. Naturally, with officers as well as employees in attendance the discussion is brought close to the policies of the various banks and their methods of working out their own problems. A course such as commercial law is one that is interesting and instructive to the officers as well as employees as we have found out from experience. Problems that are studied are similar in many ways with the problems that arise in the banks every day. In our class then, it is possible to carry on discussions of various bank problems, with an interesting exchange of ideas and for the first time, perhaps, it is possible for the "back-shoppers" to listen in on the why and wherefore and enter into the discussion themselves. Our particular course deals with the fundamentals of law which are necessary in the daily routine of banking for the officials as well as the employees. It is not its purpose to give one an extensive legal knowledge, but rather to recognize the importance of legal advice and familiarize one with the instruments of law.

THE A.I.B. courses are neither long nor difficult, though they do require a certain amount of study and conscientious concentration. In our particular case, we are fortunate enough to have our study course supplied to us by the bank. This shows that the officials of the bank are actively interested in having employees understand the workings of the institution. Such an opportunity is not one to be lightly regarded. After all, it is not difficult to realize that anyone does a better job at something that is familiar. And since employees are often in closer contact with the customers than the officers it is important that they are well informed.

An employee who knows what the bank is all about, who can intelligently talk to a customer and help him with suggestions, is the employee who is most apt to be considered when there is a better opening.

HOWEVER, from the student's standpoint, I can see that such a course is not entirely to the benefit of the employee but also to the bank itself as well. There is little that is encouraging about working at a job day after day and never seeing beyond the scope of that particular work. But it does lead to greater ambition to realize that someone is taking an interest in one's work and that an attempt is being made to teach one more than the immediate job.



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A Letter to Bank Directors

REALIZING that few bank directors, when they take office, are familiar with the full scope and import of their duties, the Oklahoma State Banking Department has undertaken an educational program designed to help them.

When a new director is elected to a board he gets a friendly, personal letter from Linwood O. Neal, bank commissioner, and a pamphlet "Bank Directors—Their Powers, Duties and Responsibilities." This booklet reviews the basic law from which the bank director's job stems, outlining his job in some detail and citing, among other things, instances of dereliction of duty.

"Any man of ordinary intelligence," says the pamphlet, "need have no fear in assuming the office of a bank director provided he will familiarize himself with his duties and discharge them. He must be willing to put time and effort into his undertaking. If he is unwilling to do this, he should decline the honor of the position."

Too much care cannot be exercised in selecting a bank's board of directors. All banks are *quasi* public institutions. They deal largely with money of others. They furnish the lifeline of business and agriculture. They are usually the most dominant influence in their community. The policies which they adopt and follow may mean economic life or death. Why, then, should they not have the most able men available to direct their affairs? Merely because a man is a good fellow and may attract profitable business to the bank is not sufficient cause for his selection. We want the best men which the community served by the bank may afford. Men of demonstrated ability, of courage and vision, of broad and diversified experience, and of unquestioned integrity. Men willing to devote the requisite amount of time to the bank's business. Men willing to assume responsibility and direct. Not men willing to be led around by the nose for the sake of the honor of the position or of some selfish advantage which the position affords. No bank officer worthy of the name need fear such a board of directors. Such a board will not only fill the deficiency of a bank weakly officered, but from their accumulated experience will be an aid to those bankers of greatest wisdom and ability."

Commissioner Neal's letter to new directors starts with a word of congratulation to the individual and of

commendation to the bank "on having your wise counsel in charting a proper course in the uncertain period that lies ahead. Such position carries with it high honor and great responsibility."

SINCE becoming bank commissioner," continues Mr. Neal, "I have made a careful study of the history of banking in Oklahoma and have learned, among other things, that rarely does a bank ever find itself in difficulty when supervised by an active, independent-thinking board of directors. In order that you may become familiar with our conception of your obligation we enclose a pamphlet on the subject. To acquaint yourself with the full import of your duties in accepting the trust imposed, we urge that you give this pamphlet serious study."

"As you know, our Government has adopted an all-out program for war and has pledged aid to our allies which will unquestionably place a burden of enormous proportions upon our nation. In the successful prosecution of the war, the resources of our banking system will be called upon to meet, in

large measure, the present and future needs of the Government.

"While we are passing through a period of fair prices and satisfactory earnings, we are confronted with new conditions, including higher taxes and rising operating costs. There is no assurance that agricultural subsidies will be maintained nor that plentiful crops and good prices will continue indefinitely.

"Assuming that there will be price advances comparable to those of the World War period, the advantages gained probably will be only temporary and the decline that inevitably follows a war boom usually results in disaster. If history is about to repeat itself, we urge that you keep in mind the experiences of the past when considering applications for credit. Banks should supply the legitimate credit needs of their communities, but in no instance should they be a party to the encouragement of speculation."

The letter ends with an assurance of the banking department's desire to be helpful and an expression of good wishes for the bank's continued success.



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Who Owns the Banks?

(CONTINUED FROM PAGE 25)

cedents of many of these stockholders, could tell you right down the line how the stock became so badly scattered, entirely through inheritance and split-up."

My correspondent then gave the residence of the stockholders, many of them in other towns, cities and states, and added, "Frankly, it would be much more to the interest of the bank to have the stock more widely held in town, or in the vicinity. After stock gets into family hands by inheritance it is practically impossible to pry off a share by direct negotiation. I wish it weren't so."

WHERE stock does come into the market, largely by reason of estates having to liquidate holdings to raise cash for inheritance taxes, the officers of a bank frequently do have an opportunity to place it among new people in the locality who, in turn, will take an interest in the bank and help in its general development and growth.

On the other hand, there is an apparently increasing tendency among life insurance companies, fire insurance

companies, colleges and universities to buy bank stocks because of the yield obtainable. This has been true for some time of several of the larger banks in New York, Chicago and Boston. In addition, the president of a bank in an important industrial city not primarily classed as a financial center, writes me:

"Within the past year at least half a dozen colleges and insurance companies have quietly come into the market and acquired substantial blocks of our own stock upon a basis to yield them about 4½ per cent. In these cases we have always stood ready to submit our internal affairs to any auditor or investigator that the prospective purchaser might wish to send us."

When we come finally to the extremely delicate yet very important question of whether a bank is better off for having its stock closely and narrowly held or widely distributed it is impossible to generalize because there are countless examples of both types of banks being either extremely successful or abject failures or all the way in between.

Theoretically, it is well for directors and officers to own substantial amounts of stock, except, of course, where it is physically impossible, as in the case of the very large city banks. But obviously the right kind of director with only the minimum legal qualifying number of shares may bring more good will and prestige to an institution than a very large and wealthy holder for whom the local business community has no liking and less respect.

How much stock the officers and directors of so-called "small" or "country" banks own on the average is impossible even to estimate, because of the lack of research in this general field. But the president of a bank with \$1,500,000 capital and surplus in a city of 75,000 population informs me that in his bank the percentage is 25 per cent, which he says is a substantial one, but probably duplicated in many instances.

THE same president expresses the thought that it is highly desirable to have a wide distribution even where the management and directors have a substantial interest. With this statement the majority of bankers approached by the writer appear to agree. One excep-



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tion is a well informed president who insists that "small" stockholders do very little to help the bank, and proved very weak sisters in the tremendous liquidation of all classes of securities, including many bank stocks, which started in 1929.

It is true that small stockholders frequently feel no responsibility for the success of a bank; they may not even have an account with it. On the other hand, there is involved an intangible but real factor of goodwill. One bank officer writes me that the fact that the stock of his institution is widely spread "throughout the county" has been one reason for the increase in deposits from \$10,000,000 to \$15,000,000 in the last few years.

THERE is an even more intangible factor to consider. A high government official, whose word is law as regards banking, remarked: "We charter banks and give them a sort of monopoly. They would be even more in the nature of monopolies if ownership were not rather widely diversified. Where it is diversified they are truly community banks."

Just how much "interest" should be taken in bank stocks is a highly moot point; the line is most difficult and delicate to draw. But we do know that it is far better not only for the banks themselves but for the financial solvency and welfare of the country that bank stocks should be bought as investments, that is, for stability of income and safety of principal, and not for speculative purposes.

A Women's Department

"TIME was when women were not supposed to bother their pretty heads about business and money problems," says Miss Agnes M. Kenny, manager of the women's department of the First Wisconsin National Bank of Milwaukee. "Today, all that is changed."

"We found that women were gradually becoming more and more interested in financial matters," continues Miss Kenny in explaining the origin of her department about 20 years ago, "even to the complete management of the family funds. The bank felt it wise to give these women a little additional help in working out financial problems."

The First Wisconsin women's department is not a bank within a bank, as is sometimes the case, for women's

accounts are not segregated; but rather, it provides a convenient place where women may transact their business, and affords a helpful service to women of Milwaukee seeking advice in financial affairs. As a total of about 25 per cent of the bank's commercial accounts are held by women, the department was organized on an educational basis and for encouragement to women seeking information about banking.

"Women come to us with all sorts of problems and difficulties, which we try to iron out," Miss Kenny asserts. "We teach them how to do their banking, and we discuss with them their banking

problems. We point out the advantages of savings accounts, and also the advisability of a personal loan in the event of illness or trouble. We work out budgets with them, showing them how to keep within their incomes."

Attractively equipped with comfortable furniture, books, telephone and writing desks, the department is maintained in a prominent section of the main bank lobby, with ready access to all other departments of the bank. Assistance is given any customer desiring to open a commercial account, make a personal loan, or to establish contacts with any other department.

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Money Order Collection Restrictions

ACTION by the Federal Reserve banks to restrict the procedure followed since 1934 in the collection of postal money orders opens up to banks an opportunity to extend their checking facilities to a large group of potential customers who previously have paid their bills with money orders instead of bank checks.

The Reserve banks have issued circulars limiting the postal money orders they will accept for collection, either as cash or non-cash items, after February 2. In explaining its action, the Federal Reserve Bank of New York quoted section 1429 of the United States Postal Regulation which provides that a "money order shall be paid at its full face value if presented at the office on which drawn or at the office of issue at any time within the period of its validity."

SINCE the issuance of this regulation the New York bank has followed the practice of sending money orders to banks located in the cities in which they were issued, if it had no established collection arrangements with banks located in the cities on which the money orders were drawn. This procedure, the bank reports, "has not proved entirely satisfactory since many members and par nonmember banks feel that they are entitled to make a charge for their services in presenting the money orders to their local post offices for payment, and some banks have declined to handle postal money orders for the Federal Reserve banks unless permitted to make such a charge."

The New York Federal Reserve Bank further states that "it should be borne in mind that a country bank, upon receipt of the money orders included with our cash letters, is obliged to deliver such money orders to the local postmaster; and, usually, the bank must send a messenger to the post office later in the day to receive cash or a check in payment for such money orders. Not infrequently payment for the money orders is received the day following their presentation."

"An analysis of the endorsements appearing on 3,316 money orders received by the Transit Division on January 16, 1940," the New York Reserve bank reports, "convinces us that the unqualified willingness of this bank to undertake the collection of all money orders drawn on or issued by post of-

fices in this district has strongly tended to encourage the indirect routing of such money orders for collection."

To prove its point the bank cites several instances of indirect routing, including the following:

A Bridgeport, Connecticut, concern receives money orders naming it as payee and issued at and drawn on the Bridgeport post office. The Bridgeport concern forwards such money orders to its offices in Massachusetts, which in turn deposits them with a local bank. This bank then sends the money orders to Federal Reserve Bank of Boston for collection. Federal Reserve Bank of Boston forwards the orders to the New York Federal Reserve Bank, and it then forwards them to a Bridgeport bank for collection from the local post office. By this procedure the money orders must pass through four banks before collection is effected, at a considerable aggregate cost to the banks concerned.

The New York Reserve bank points out that "banks receiving money orders for collection might, if they desired, handle them on a non-cash basis and impose a collection charge for their services. This bank, however, is not presently equipped to receive such a large volume of additional non-cash items; and, it is believed that the cost of doing so would be disproportionate to the value of the services rendered, in view of the fact that the average value of each money order received by our transit division is approximately ten dollars."

THE New York Reserve bank points out that the money orders either can be collected at face value at the local post office or collected by the local post office upon the payment of the same

fees as those paid by the purchasers of the orders; therefore, concluding, that it is in the interest of the majority of clearing banks, as well as in the interest of the Reserve bank, that money orders, other than those drawn on or issued by the Brooklyn and New York post offices, be declined.

THE superintendent of the Money Order Division of the New York post office, according to the New York Reserve bank, "seemed to be undisturbed by our contemplated action . . . and expressed the view that such action on our part would place the burden of cashing money orders where, in his opinion, it properly belongs, i.e., on the payees of such money orders or on the banks which accept them for deposit."

Through a soundly conceived public educational program, the banks undoubtedly can extend their services through this action and allay criticism by those affected.

The Kind of Peace

WE of the United Nations are agreed on certain broad principles in the kind of peace we seek. The Atlantic Charter applies not only to the parts of the world that border the Atlantic, but to the whole world; disarmament of aggressors, self-determination of nations and peoples, and the four freedoms—freedom of speech, freedom of religion, freedom from want, and freedom from fear.—President ROOSEVELT in his radio talk to the nation, February 23.



ANOTHER SERVICE FLAG

The American National Bank of Nashville has hung in its main office lobby a service flag made by Miss Thelma B. Leonard, chief of the correspondent bank bookkeeping department and head of the women's committee of Nashville Chapter, American Institute of Banking. The photograph shows P. D. Houston, chairman of the bank's board and former A.B.A. president, thanking Miss Leonard for her work on the flag. Since the banner was hung more men on the bank's staff have been called for their Selective Service examinations



BANKING

Aircastles of '42

(CONTINUED FROM PAGE 23)

1. Am I holding my share of the consumer market?
2. Are my sales gains genuine or do they reflect trade stocking?
3. Are my retail stocks spread so as to keep out-of-stock percentages at a minimum?
4. Is my competitive price differential changing? If so, what is the effect on my consumer position in individual markets?
5. Am I suffering from trade profiteering?
6. Is substitute competition invading my industry?
7. What about conclusive marketing tests on the package or product changes I may soon have to inaugurate on account of shortages or rationing of tin, packaging materials, etc.?
8. Is my advertising hitting the income groups I want to reach despite dislocations in purchasing power?

These are typical questions which the manufacturer must answer—regardless of whether or not his orders exceed his plant capacity—if he is to emerge from the war period with his consumer franchise unimpaired.

THE wholesaler and the retailer are also affected by what we have termed the indifference characterizing a buyers' market. The wholesaler, for example, cannot get necessary stocks of some nationally advertised brands so he purchases others "just as good" and sells them to his retail trade. Well, so far as the substitute product is "just as good" not too much harm has been done, but there comes a time when these brands

This illustration is taken from a ¼-page advertisement "published in the interest of intelligent buying and patriotic behavior" by 12 of New York City's leading department stores. The text explains the dangers of hoarding under these headings: "What Is a Hoarder?"; "What Hoarding Results In"; "What It May Lead To"; "Is There Any Real Urge to Hoard?"; "What Is the Cure for Dangerous Hoarding?"; and "What Should You Do?"

are frequently not "just as good." This means that the wholesalers will lose the support of certain retailers, the retailers who sell these substitute products will lose the support of the consumer and so it goes.

What we are trying to say here is simply that, during this immediate emergency, the wholesaler and retailer will buy almost anything they can lay their hands on in order to supply the demand for goods resulting from consumer hysteria. As far as possible, the wholesaler and retailer should endeavor to curb this buying wave, but that's really asking a lot from people who make their living selling merchandise. The very least they can do is to sell

their regular lines, both nationally advertised and private label, and not turn to other sources of supply which may not be quite as good. The moment they do that, they are taking a chance with their established trade.

It seems to us that banks can render a very great service to business if they will try to convince customers and depositors that sound merchandising and advertising is just as necessary now as in the past, and that quick profits through sales of "any old merchandise" represent perhaps the greatest potential danger to business during this buyers' market, which has come about as a direct aftermath of our war participation efforts.



Goodwill Merchandising

GRANITE TRUST COMPANY, Quincy, Massachusetts, effectively gives a visual interpretation of its Statement of Condition in a window display, *below, left*, explaining more important items, such as cash, government bonds, first mortgage loans, Granitime loans (based on character and income), banking premises, other realty, capital, trust department, reserves, total deposits, savings accounts and commercial deposits. . . . FORT WAYNE (INDIANA) NATIONAL BANK on a giant map of the world in its lobby, *below, right*, with red and blue ribbons marks the approximate location of U. S. troops at outlying bases; solid yellow squares show a few known Axis bases; and solid red dots a few known United Nations' bases. Urgent appeal is made to buy Defense Bonds



Great American Insurance Company New York

INCORPORATED 1872

STATEMENT, DECEMBER 31, 1941

ASSETS

Cash in Banks and Office.....	\$ 5,471,508.88
Bonds.....	8,855,298.00
Preferred and Guaranteed Stocks.....	8,320,236.00
Stocks of Affiliated Insurance Companies.....	11,183,380.00
(at book values as required by law)	
Common Stocks.....	13,122,999.00
Premiums in Course of Collection.....	3,065,539.86
(not over three months due)	
Other Admitted Assets.....	67,519.50
(after deducting \$130,000.00 for Canadian exchange)	
TOTAL ADMITTED ASSETS.....	\$50,086,481.24

LIABILITIES

Reserve for Unearned Premiums.....	\$15,198,674.53
Reserve for Losses and Loss Expenses.....	2,442,093.00
Reserve for Dividends.....	733,500.00
Reserve for All Other Liabilities.....	965,191.91
*Contingency Reserve.....	601,465.00
Capital Stock.....	\$ 8,150,000.00
Surplus.....	21,995,556.80
POLICYHOLDERS' SURPLUS.....	30,145,556.80
	\$50,086,481.24

Securities carried at \$1,512,758.00 in the above statement are deposited as required by law.
*Contingency Reserve represents difference between total values carried in Assets for all Bonds and Stocks owned and total values based on December 31, 1941 market quotations. Shares of affiliated insurance companies are carried at their book values, as required by law.

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The Great American Insurance Company and its affiliated companies of the Great American Group write practically all forms of insurance except Life

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BANKING

★ ORGANIZATION ★

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**A.I.B. DEFENSE BOND ACTIVITIES—A.B.A. DEFENSE LOANS SURVEY
INSTITUTE CONVENTION PLANS—THE ASSOCIATION'S NEW MEMBERS**

A large part of your future building loans is going to be on **PREFABRICATED HOUSES!**

Learn now what the leading prefabricators are doing . . . why the majority of them are using Douglas Fir Plywood as a basic structural material!

SEND NOW FOR "How to build houses fast"



● The severe housing shortages in many parts of the country are being solved by prefabricated structures. The superior shelter provided, the time saved, the reduced overhead, the improved working conditions and the many other advantages of prefabrication are now being considered by the most alert minds in the building industry. When there is a general realization that prefabrication is as practical for normal as for emergency periods, the volume of prefabricated structures will be tremendous.

Since you will be called upon to finance both prefabrication plants and the homes and other structures built in them, it will pay you (1) to learn all you can about prefabrication, (2) to learn why Douglas Fir Plywood is the prefabricators' favorite material, (3) to learn why plywood gives the buyer more for his money and the lender a better investment in any house in which it is used. Write now for your free copy of "How to Build Houses Fast." Douglas Fir Plywood Assn., 1509 Tacoma Bldg., Tacoma, Wash.

You'd never guess it . . . but this is a prefabricated home. National Homes Corp., Lafayette, Ind., used Douglas Fir Plywood for roof sheathing, interior walls and ceilings and exterior finish.



The Banker in Wartime

The banks of the United States have a major role in the war. They are the principal channel between the Treasury and the investor. They themselves are large buyers of government securities. They are a contact point between government and war industry. Their machinery is used at almost every step in the great war program.

Fulfillment of this great responsibility will be aided by a clear definition and wide recognition of the banker's duties. That is the purpose of this statement.

Financing the War

To avoid inflation the government must draw the funds it borrows primarily from the current income of individuals and institutions and only secondarily from commercial banks. It is the duty of the banks,—

1. To encourage thrift and discourage spending so as to accumulate funds for war.
2. To push vigorously the sale of defense savings bonds and stamps and tax anticipation notes.
3. To subscribe for Treasury issues suitable for banks.
4. To help maintain a broad and dependable market for government securities.
5. To advise with the Treasury and the Federal Reserve System in planning government fiscal policies.

Aid to War Production

Business large and small alike must be mobilized for war. The banker can help through his knowledge of business and government, and his ability to lend. It is his task,—

1. To assist small business with war orders.
2. To finance war industry both in plant expansion and in current operations.
3. To participate with Federal financing agencies when the job extends beyond proper banking scope.
4. To advise with business customers in converting plants to war use, in dealing with government agencies, and in other war problems.
5. To lend to the farmer and distributor for the "Food for Freedom" defense program.
6. To scrutinize non-defense loans with care and to discourage expenditures which might compete with war production for materials or labor.
7. To cooperate in the regulation of consumer credit under Regulation W.

Keeping the Economic Machine Running

The country's whole economic machine must be put in high gear, to run as it never ran before. Almost every business transaction involves banking: the use of checks or money for buying materials or meeting payrolls; transferring funds; handling securities. The banker's ordinary job has become a war job. It is his responsibility therefore,—

1. To provide for business and government deposit, checking, transfer, and payroll facilities, on a new and larger scale.
2. To sell and distribute vast numbers of defense bonds and stamps, tax anticipation notes, and handle tax checks.
3. To cooperate with the Treasury in dealing with foreign funds.
4. To offer special services for men in the armed forces.
5. To help interpret government to business and business to government that they may work together with understanding and unity.

These tasks must be carried through swiftly and accurately while many bank workers are entering military services. This means harder work for bank staffs from top to bottom.

A House in Order

The Nation faces years of great industrial and financial expansion and severe readjustments. To play his part effectively the banker's own house must be kept in order. It is his duty,—

1. To maintain the quality of his bank's assets.
2. To husband his resources through a prudent policy of reserves and dividends.
3. To practice as well as preach the gospel of *work and save*.

—And in the Community

As a citizen of his community the banker who is not himself called into the armed services has special obligations,—

1. To share with others the responsibility for the success of Red Cross and United Service activities and civilian defense.
2. To make local, state, and national bankers' organizations effective agencies in the Nation's service.
3. To help the public understand war taxes, war restrictions, rationing, price controls, and other war measures which depend for their success upon public cooperation and public morale.

Basic Wartime Credit Problems

The material for this symposium was provided by speakers at the New York bank credits clinic of March 4-6, whom BANKING asked for brief summaries of their talks at this important American Bankers Association meeting.

The text represents the replies received in time for publication. The statements cover the three major credit divisions—agricultural, consumer and commercial—represented on the conference program.

★ Farm Loans ★

The Goal

NORMAN J. WALL, U. S. Department of Agriculture

FARMERS are being called upon to supply in 1942 the greatest production in the history of American agriculture. The goals for agricultural production have been revised upward since Pearl Harbor. Foreign supplies of some essential commodities, particularly oils, have been curtailed and military requirements at home and abroad have been greatly expanded.

The wartime food requirements of the American people will be large. In addition, there will be increasing amounts needed to help feed and clothe our Allies.

To encourage the desired expansion in production, Congress has made available a number of price-supporting measures. The principal ones are the 85 per cent of parity commodity loans on cotton, corn, wheat, rice, tobacco and the 85 per cent of parity price supports—sometimes called “proclamation” commodities—which are designated by the Secretary of Agriculture as requiring special encouragement.

H. N. YOUNG, Virginia Polytechnic Institute

THE discussion of this topic will concern itself first with the Federal farm program, as set up last September, the main objective of which was the establishment and carrying out of production goals for 1942 in a Food-for-Freedom campaign designed to increase the production of protective foods for our own people, for lend-lease export, and for the building up of stock piles.

In view of the fact that we entered the war early in December, it has been necessary to revise a considerable number of these goals, some of them drastically upward. Appraisal of the present goals will be made, and means of obtaining them will be discussed. Consideration will also be given to certain specific obstacles to be confronted in the meeting of some of these goals.

Opportunity and Responsibility

FRANK N. GANS, Weston
(W. Va.) National Bank

TODAY, as in 1914, the country banker is facing an uncertain future. The peace-time requirements of our people have been set aside for an all-out-fight-for-freedom program. The demand from now on will be for more

planes, more ships, more guns and more men. With this demand will come the cry for more food for the workers in our factories, our shipyards and for the men in our army camps. This Food-for-Freedom program also means a demand for a supply of credit to the farmers to enable them to produce those things which our nation needs.

Again, as in 1914, our country banks stand ready and willing to supply that credit and are in position to meet every legitimate demand which will be made upon them.

The country banker realizes his responsibility. He has confidence in his ability and has faith in the final outcome of the struggle. He is glad to help in this fight for the preservation of our democracy.

GILES H. MILLER, JR., Culpeper (Va.) National Bank

IN THIS program commercial banks are given an opportunity to serve our country and it is our responsibility and duty to do so, just as it is the duty of an individual.

The program is organized on a county basis, which enables banks to cooperate through meetings called by the key banker of the county. This program presents to the banks an opportunity to adopt aggressive loan policies; to employ funds that have been idle, or which from bare necessity for income have found investment in securities.

Banks having a farm manager or an “outside man” are in excellent position to proceed in this program. It is most difficult to properly extend farm credit by sitting at a desk.

C. C. HENDERSON, First National Bank, Cortland, N. Y.

TODAY the farmer must be considered in exactly the same manner as any other manufacturer who buys large amounts of raw material to be turned or processed into usable goods. In the case of the farmer this consists of heavy purchases of seed, feed, fertilizer or livestock which will be used in conjunction with costly machinery and equipment.

In considering an application for a loan to a farm customer, we analyze his financial statement just as thoroughly and completely as we do that of the manufacturer or merchant. This means taking into consideration not only his assets and liabilities, but also his gross income and general operating expenses, together with his ability to produce farm products at a profit.

Our Government, through the Secretary of Agriculture, has asked farmers all over the United States to step



Pictures on this clinic announcement folder symbolize the three major credit categories

up production. This will require more operating credit for good farmers. Agriculture is just as important as any other phase of our immense defense program.

NICHOLAS A. JAMBA, National Bank and Trust Co., Norwich, N. Y.

COUNTRY banks should not make the mistake of underestimating the importance of the vital responsibility they are expected to assume in financing agricultural production to satisfy wartime demands. If they do make this mistake and fail now to measure up to the full standards that will be exacted of them they may very likely never have another opportunity to finance the credit needs of agriculture.

Credit to enable farmers to meet production goals will be made available to them from some source. Country banks can and should furnish most of this credit. It is not only their responsibility to provide the bulk of this wartime credit, but they should insure that every dollar of it is used where it will do the most good.

Servicing Loans

JOHN W. RAAB, Hackettstown (N. J.) National Bank

THE American farmer has been asked to produce more food. To do this he must make the best use possible of the facilities around him, including his credit as well as his soil, his livestock, and his equipment. Country banks have an opportunity to serve the farmer at a time like this by helping him make the best use of credit. There is a great deal of work to making farm loans and making sound ones. It means visits to the farm by a farm trained bank employee as well as a thorough investigation of the farmer, his business, and his ability to produce at a profit. It may mean adjusting the bank's lending policy and the types of security accepted to the new situation. Complicated debt situations may have to be revamped and repayments arranged well within the farmer's ability to pay.

If the country bank fails the farmer during the "Food-for-Freedom" program, there are other agencies in the field that will meet his terms and the country banker will lose his best customer, the farmer.

★ Consumer Credit ★

Wartime Lending

F. W. ANDERSON, The First National Bank, Wilkes-Barre, Pa.

BANKING is about to make new history in its handling of consumer lending in wartime. And the kind of history it makes, good or bad, is going to play an important part in deciding the future of this lusty infant in the banking family.

To use a simile, consumer credit, either merchandise or cash credit, may be said to be a golden thread, which, since the last war, has been woven through and through the warp and woof of our economy. To the lower and middle classes of society particularly, it has meant an unprecedented rise in the standard of living, bringing services, conveniences, and pleasures which were available only to the wealthy before the wide acceptance of consumer lending. Now the war, bringing with it restrictions, the draft, shut-downs and the mass movements of labor, has wrenched this fabric until at least in some places it is almost unrecognizable.

ALLEN W. LENT, The County Trust Company, White Plains, N. Y.

WHEN consumer lending was accepted as a function of commercial banking, there was immediately assumed a responsibility to serve the consumer needs of our people under all conditions, whether at peace or at war.

As never before, there will be a need for constructive loans which include: trade school tuition, the purchase of tools and furniture, the payment of taxes—Federal and local—the consolidation of past due debts, and funds for home repairs.

There will be a need for loans arising out of home emergencies, such as sickness, death, and accident.

The days ahead, from the point of opportunity for service during the war emergency and for increasing loan volume, can be made busy ones for the banker who is alert to his responsibilities.

D. A. REINBRECHT, The Colonial Trust Company, Waterbury, Conn.

BANKS operating merely a time sales financing department undoubtedly are going to be affected to a much greater extent than those with well-rounded personal credit departments with all types of direct personal loans, well diversified, as well as conditional sales contracts covering consumer goods.

During the transition period from non-defense to defense work there may be a slightly higher percentage of delinquent accounts, but this should right itself through eventual reemployment.

As to post-war conditions, there may be another transition to non-defense work, but this should be of short duration.

Durable Goods

C. E. COCHRAN, State Street Trust Company, Boston

WE WHO gain our livelihood in the field of consumer finance have been interested in automobiles, refrigerators, washing machines, and the like, primarily because they represented collateral which would protect us as lenders of money. Beyond that point we, as lenders, have not been particularly interested and it is probably not an exaggeration to say that numerous of the purchasers of such articles were not sufficiently interested in durability to provide good care.

While the Government has restricted the manufacture of certain items known to us as durable goods, it has definitely stated its intention to encourage proper maintenance of property. We are destined to discover a lot about the durability of durable goods.

Finding our place in the war economy, and properly filling it, is more important than maintaining volume.

JOSEPH J. CORCORAN, The Marine Trust Company, Buffalo, N. Y.

NO BANKERS in the consumer credit field the durable goods problem is one of paramount importance due to Federal restrictions under Regulation W and the changing credit situation.

The production of durable goods has been and will be further restricted if the present war continues for any length of time.

With the conversion of the automobile industry to nearly 100 per cent war effort the new car finance field will practically disappear. Although there will still be considerable trading in used cars the volume will be limited and tire and possibly gasoline rationing will also have its effect on automobile financing. The problem of supply and demand may create fictitious prices for used cars and with the shrinkage of automobile paper the competition for this business among the finance agencies will be keener and may have a tendency to lower the credit standards which would be detrimental to all.

J. A. LUETKEMEYER, The Equitable Trust Company, Baltimore

DURABLE goods are so intimately connected with the war effort that it is necessary to look to Washington as the control tower. If we can visualize the objective we can arrive at as logical a conclusion as possible.

First, almost all durable goods embody materials useful for national defense. Washington wants most of

these materials and uses various controls to spread their use to the best effect.

The first conclusion is that volume of receivables will be reduced substantially through smaller unit volume and shorter maturities called for by Regulation W. Further augmenting this situation is the fact that many services or accessories appear to be strongly affected.

What should we do? First, buy your notes carefully; second, plan to decrease volume and cut the cloth accordingly; third, watch Washington intelligently.

★ Commercial Credit ★

Accounts Receivable

LINCOLN E. BARBER, Rhode Island Hospital National Bank, Providence

A COMMON problem of manufacturers, large and small, is to find a source of working capital to meet the demands of seasonal peaks and also to finance the extraordinary demands of government contracts. One of the problems of banks is to provide that capital.

We have found a way that is very helpful in providing the business man with more working capital—we discount his accounts receivable. We operate on both a notification basis and a non-notification basis.

Our customers like it for three reasons: (1) it is very flexible; (2) it makes funds immediately available; and (3) the amounts are adequate. From the bank's standpoint this business is also desirable because, in addition to employing bank funds safely and profitably, it extends the bank's services to a larger field of business.

HARRY C. CULSHAW, The Pennsylvania Company, Philadelphia

IT IS generally recognized and accepted by those who believe that accounts receivable financing has a definite part in our economic and financial life that it is a medium whereby credit can be extended to a relatively small business, or even to a medium-sized business or a large business, whose working capital is limited, thus precluding it from the extension of credit on a conventional basis. There are businesses which cannot survive, since they are not so-called essential industries. But, by the same token, there are many businesses that have a greater backlog of unfilled orders than ever before.

The result is that these companies, if they are to carry on, must resort to borrowing by means of risk limiting devices, such as field warehousing and/or accounts receivable financing.

General Credits

GEORGE AVERY WHITE, Worcester (Mass.) County Trust Company

THE field of "general credits" as distinguished from loans directly related to defense operations takes a subordinate position in time of war. However, the continued maintenance of sound credit relationships not related to defense is essential both by reason of outstanding loans and as a basis for operations after the war.

Recognizing that the winning of the war is the first duty of every American, we must keep intact our credit

APRIL 15-16-17



MAKE YOUR PLANS NOW TO ATTEND THIS WARTIME CREDIT CLINIC

≈★≈

THE STEVENS CHICAGO



A similar bank credits clinic will be held at The Stevens, Chicago, April 15-17

structure during the emergency and it is appropriate to devote more than usual thought and effort to a study of the fundamental principles on which sound extensions of credit must always be based. The development of specialized types of loans and a better merchandising of credit will enable banks to find profitable use for funds.

Procedure

ALFRED G. RUEHLE, Brooklyn (N. Y.) Trust Company

WAR finance dominates the economy of the nation today, and doubtless will do so "for the duration."

For banks, this means but one thing—more credit to war industries, less credit to industries manufacturing goods for civilian use. The bank which disregards this obvious fact will certainly lose income now and also be in a disadvantageous position after the war.

The paramount question in judging such credit applications is not "What kind of credit record does the borrower have?" but rather has he the ability to perform his contract and will he perform it?

But even after this question has been affirmatively answered, the task of the banker often has only begun. He then must follow the operation closely, making many visits to the plant to see that the contract is performed.

"But are they not capital loans?" one may ask. Certainly they are. But the banker must meet the need of the times. Not only patriotism but sound business judgment require it.

RALPH D. WITHERTON, Philadelphia
National Bank

BASICALLY, the problem of defense financing is the same regardless of whether the bank is small or large. The size and type of loan will vary depending upon circumstances, but fundamentally each bank has the same problem.

We must never decline such a loan unless after a complete investigation we find that, even though we modify our usual standards of credit, we could never justify taking the risk. The Government has made our task easier by its willingness to recognize assignments of

moneys under certain contracts, but the Government would not want us to loan those who are unable to produce goods that will meet specifications.

Small Industry

E. B. DOHERTY, Plattsburgh (N. Y.) National
Bank and Trust Company

ONCE more the country banker has a major problem and a challenge to his capacity. His problem is not confined to the single issue of an important corporation and a large prime contract.

Under the forces of a war economy, he must put aside temporarily many of his natural tendencies. His very thinking must undergo a severe change without loss of perspective or balance.

The average country manufacturing plant, usually a potential subcontractor, must often be guided and assisted in obtaining defense orders. No more effective sales executive exists in any community than a local banker working to safeguard his community through defense subcontract distribution.

The country banker must then be prepared to solve the financial problem raised by the defense order.

The challenge has been accepted and the problem is being overcome.

T. ALLEN GLENN, JR., The Peoples National Bank, Norristown, Pa.

AS A result of the huge national armament program, small industry is being called upon to perform in a manner almost beyond its ability to do so. Not only are the mechanical facilities overburdened, but the capital structure of many such industries is proving an insufficient base for the credit essential to production in greatly increased volume.

Many devices, new to some bankers, are now being employed in order to meet the credit needs of small industry operating on a war-time basis. Often the time and energy used in disbursing and administering such loans is not fully compensated for by the return to the bank in dollars, but this lack of profitability does not seem to deter banks in their willingness to serve.

ORGANIZATIONS AFIELD

JOHN J. McCANN reports on activities of national, state and local bankers' organizations.

Code

A WARTIME CODE for the loyal American citizen and a seven-point standard for the American bank, were adopted at the recent mid-winter council meeting of the Financial Advertisers Association. These codes were designed to be published by member financial institutions all over the country, under F.A.A. auspices. Copies are available through Preston E. Reed, executive vice-president, 231 South LaSalle Street, Chicago.



Overtime

THE WEST VIRGINIA BANKERS ASSOCIATION asks members to get behind the popular movement to have employees of all industry and business accept their overtime pay in Defense Stamps. While present laws do not permit the waiving of overtime

regulations, they do not forbid this form of payment when voluntarily accepted by the employee. In sections where this plan has taken hold, stamp sales have been greatly augmented. The association suggests that members contact local industries and encourage the extension of the program.

School Savings

THE FIRST of a nation-wide series of forums on school savings in the Defense Savings Bond campaign was sponsored recently by the NEW JERSEY BANKERS ASSOCIATION at Newark. The purpose of the forums is to discuss ways by which the national school savings system can be enlisted in the support of the defense savings program. Representatives of the Treasury, the A.B.A., New York and New Jersey banks and schools took part in the conference.

Wartime Compensation

THE MASSACHUSETTS BANKERS ASSOCIATION has completed a state-wide study of the wartime salary problem and how it is being met by member institutions. A recently issued special bulletin examines the programs for extra compensation already adopted by members and other plans under consideration. Pertinent data are given on the various methods of lump sum payments and periodic bonuses, with a symposium of opinion of important salary questions. The salary questionnaire committee draws significant conclusions on this difficult problem.

Cost Analysis

THE SOUTH DAKOTA BANKERS ASSOCIATION has again undertaken an exhaustive study of member bank operations for the purpose of analyzing costs. The material will be published later as a master report for the state, similar to the very helpful survey conducted last year by the bank operations committee. The information will be based upon member bank records, in some instances, covering actual 1941 operations. In others, figures will be based on January to March 1942.

Contest

AN OUTSTANDING feature of the "Know Your Bank Week" conducted last month by the MICHIGAN BANKERS ASSOCIATION was an employee ad-writing contest. The public relations committee adopted this plan as a means of gathering complete data on what member banks are doing in behalf of the war effort and the defense savings program. All employees with titles less than cashier were invited to write a three column 10-inch advertisement covering this subject and to compete for attractive awards. This material was used to advantage in publicizing the "Know Your Bank Week."

Farm Clinic

THE INDIANA BANKERS ASSOCIATION announces plans for its first Farm Clinic to be conducted at Purdue University, April 7 and 8. Rural credit problems and ways Indiana bankers may help in the local development of agriculture will be outlined at the two-day sessions. This announcement adds yet another state group to the growing list of farm schools which have made such excellent headway on banker-farmer relations.

Banking Forms

THE COMMITTEE on bank forms, CALIFORNIA BANKERS ASSOCIATION, issues a revised price list covering 37 stock banking forms and contracts designed for the exclusive use of member banks. The schedule gives costs on minimum quantities with or without bank imprint. There is a set minimum per order of \$1, but any of the forms listed may be combined to make up a minimum order. With the schedule, which has been adjusted largely because of increases in the paper market, the Association has made a number of revisions.

Insurance

THE SAVINGS BANKS ASSOCIATION OF MAINE may be the next mutual group to request legislation on savings bank life insurance similar to programs now operated by Massachusetts and New York. This proposal was revealed in an annual review statement issued by Executive Manager Harry M. Nelson.

G.S.B. atten-SHUN!

ALUMNI and former students of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, are active on all fronts in the national war effort. Some are in uniform; many are busy at civilian defense duties; most of them are helping to sell Defense Bonds.

The following report on their wartime activities is culled from letters they wrote in reply to BANKING's request for information on what they were doing to help. It supplements a similar report published in the February issue. Another will appear in April.

We wish we had space to print the letters in full, for they provide a most interesting cross section of practical, intelligent patriotism at work. Not a few of the writers are veterans of the last war and their services have not yet been needed in the armed forces. But they have been quick to find their places in civilian defense posts, in the Red Cross drive and in other activities, including, of course, the sale of bonds. Many bankers wrote that they were in charge of their banks' Defense Bond sales campaigns.

LET's start with news about some of the G.S.B. men who are in uniform.

LIEUTENANT COLONEL M. B. FOWLER, The Fidelity Bank, Durham, North Carolina, in active service since September 16, 1940, is finance officer at Fort Jackson, South Carolina. He writes:

"In times of emergency an Army Accountable Disbursing Officer is under heavy pressure. He has to decide upon the legality of each payment he makes, and is personally accountable for his mistakes of judgment, and also the clerical errors of his staff. When his division takes to the field, it is no fun running a million dollar bank out of a tin can (field safe), but it makes you appreciate the old glass-top desk back in the home town and hope to get back to it when this job is done.

"In the meantime, we've 'streamlined' the waistline and we are helping the old morale by 'Keeping 'Em Paid,' as well as being ready to fight if attacked. In battle the Finance Office is in the rear echelon, but the favorite pastime of the enemy now seems to be to strike from the flank or rear."

CAPTAIN EDWARD D. CAMPBELL, Mercantile-Commerce Bank and Trust Company, St. Louis, wrote from a Canadian school of army administration where he was taking a staff course as adjutant of a Canadian field regiment. He joined the Dominion army in August 1941.

CAPTAIN LOUIS VOGLER, JR., The Merchants National Bank and Trust Company, Syracuse, New York, is in the New York State National Guard. He enlisted as a private on January 16, 1941; on December 13 last he got his captaincy and was made regimental supply officer.

LIEUTENANT COLONEL EDWARD HARRIS, II, Rochester (New York) Trust & Safe Deposit Company, was, at the time of writing, commanding a coast artillery battalion at Camp Stewart, Georgia.

LESTER C. MACGUIGAN, Woodbury (New Jersey) Trust Company, is in the New Jersey State Guards and has spent some time in active service. After returning from a tour of duty he tried unsuccessfully to enlist in both the Army and Navy. "The only remaining thing to do," he says, "is to sit tight and wait for my number to come up in selective service. In the meantime I am trying to make myself useful in selling Defense Bonds and Stamps and continuing my service with the Guards."

WILLIAM E. PEASE, Torrington (Connecticut) National Bank & Trust Company, is an air raid warden and observer.

OSCAR A. OTTO, Whitney Loan and Trust Company Bank, Atlantic, Iowa, reports that he's chairman of the Red Cross emergency drive for his county.

Lt. Col. Edward Harris, II



Lt. Col. M. B. Fowler



CARL A. NEUMEISTER, National Bank of Auburn, New York, chairman of a Red Cross fund raising committee, has organized a group for Defense Bond selling among service clubs and fraternal organizations. As president of the Rotary Club he appointed a committee to survey the city's defense needs.

RUSSELL MURPHY, Mississippi Valley Trust Company, St. Louis, is chairman of the men's division of the Red Cross blood donor service in St. Louis. He is likewise a member of Company M, First Missouri Infantry Reserve Military Force.

EUGENE M. MORTLOCK, The Gramatan National Bank and Trust Company, Bronxville, New York, has been made a special policeman, "receiving the usual badge, etc.," he reports, adding that he's "already seen the practical side by spending a definite number of hours each week practicing the actual routine as performed by the regular police force."

DONALD A. MOORE, Ontario County Trust Company, Canandaigua, New York, is an air raid warden.

WILLIAM F. MACDONALD, JR., The County Trust Company, Mamaroneck, New York, acts as a senior post warden in the business area of that town.

WILLIAM J. MCKINLEY, Worcester County Trust Company, Worcester, Massachusetts, has served as treasurer of the Worcester U.S.O. and of the recreation defense organization.

T. ALLEN GLENN, JR., The Peoples National Bank, Norristown, Pennsylvania, was chairman of the Red Cross roll call and heads the relief drive. He organized his bank's Defense Bond sale program.

CHARLES W. FOUTS, The Hunterdon County National Bank, Flemington, New Jersey, works four hours a week at an observation post reporting airplanes.

GEORGE F. EVANS, Easthampton (Massachusetts) Savings Bank, is assisting regional defense organization under the Massachusetts Committee on Public Safety. His duties have to do with forming committees and relaying air raid warnings.

EDGAR A. CRAIG, Dorchester (Massachusetts) Savings Bank, is chairman of the Boston group of mutual savings banks for U.S.O. and the Red Cross. As past commander of American Legion Post No. 7 he is likewise active in various defense activities.

WILLIAM G. CLEAVER, First National Bank and Trust Company, New Haven, Connecticut, was drafted by the Red Cross to serve as chairman of the war fund and roll, with an assignment to raise \$350,000 in New Haven. When he wrote, the \$300,000 mark had been reached, with another week to go.

Hold It!

We're sorry to keep the G.S.B. men standing at attention so long, but there's still another instalment of this wartime activity story. When this story started we didn't intend it to be a serial. However, so many letters have come in that we want to publish as much of the information as possible. So it's being continued in April BANKING!

Capt. Louis Vogler, Jr. (See page 85)



COWLES ANDRUS, Passaic (New Jersey) National Bank and Trust Company, serves as chairman of the sub-committee on banking and finance and as a member of the executive committee of Passaic's general Defense Savings Committee. At home, Mountain Lakes, he takes his turn of two hours a night, about one night weekly, in an aircraft listening post.

C. B. ALLEN, People's Bank for Savings, New Rochelle, New York, has been made chairman of the local tire rationing board.

ANTHONY F. PEPE, Bank of Bogota, New Jersey, is an associate member of an advisory draft board, a member of Bogota civilian defense council, and local chairman of the Red Cross war relief campaign.

BERNARD C. LONG, Peoples Safe Deposit Bank, Saint Clair, Pennsylvania, serves as coordinator of civilian defense in his city. He's on the tire rationing board and assists in planning his bank's Defense Bond campaign.

NELSON E. LENGEMAN, Union Trust Company, Rochester, New York, is another draft board member.

PAUL W. ALBRIGHT, Savings Banks Association of the State of New York, heads the association's committee on air raid precautions.

JOHN V. NOSTRAND, Union County Trust Company, Cranford, New Jersey, has been named chairman of a sub-committee of the Defense Housing Organization.

J. D. SANCHEZ, The National Bank of New Jersey, New Brunswick, is a special policeman. He's an instructor in industrial management at Rutgers University "and there we are doing everything we can to help management in industry during the period." In the bank, Mr. SANCHEZ is in charge of obtaining information and aiding local industry in the change-over from peace-time operation to war work.

EDWARD J. FREY, Union Bank of Michigan, Grand Rapids, holds the chairmanship of the industrial committee, Grand Rapids Chamber of Commerce. Prior to our entry into the war his committee was active in getting local companies to accept defense contracts and in seeking new defense industries for the city. He has also directed his bank's Defense Bond campaign and is active in Red Cross and U.S.O. work.

EDWARD A. NASH, Garden City (New York) Bank and Trust Company, is vice-chairman of the local civil defense committee in charge of the air raid warden systems for the village.

G. O. THORPE, The First and Lumbermen's National Bank, Chippewa Falls, Wisconsin, has three jobs: Government appeal agent for a draft board, chairman of the county committee of banking and finance of the Defense Savings Staff, and ("last but not least") district tire coordinator.

PICTURE LOG—When Bankers Get Together . . .



47TH ANNUAL MEETING OF GROUP VI, PENNSYLVANIA BANKERS ASSOCIATION, Altoona. Guest speakers: A. H. Williams, president, Federal Reserve Bank of Philadelphia—"Financing the War"; E. E. Mountjoy, secretary, National Bank Division, A.B.A.—"Bank Earnings"; Dr. J. Hubert Vykeroyd, Ph.D., University of London—"The World Today—Where Are We Drifting?" P. B. Reed, chairman, County Nat'l Bank, Clearfield, group chairman, presided. S. W. Gramley, cashier, Farmers Nat'l Bank & Trust Co., Millheim, succeeded Mr. Reed as group chairman



WOMEN'S TEA, CLEVELAND CHAPTER, A.I.B. Miss Dorothy Druckenbrod, left, and Mrs. Frank J. Lausche, wife of the Mayor

MEN'S FORUM OF DETROIT CHAPTER, A.I.B. with William Powers, A.B.A. Customer Relations director, speaking on "Building Business for Your Bank." Left to right, A. S. Breiner, Hal Y. Lemon, Mr. Powers, and E. C. Harris



BANK MANAGEMENT CONFERENCE OF THE MASSACHUSETTS BANKERS ASSOCIATION, with Dr. Paul F. Cadman, A.B.A. Economist, speaking on "The Economics of Post-War Recovery." Below, left, left to right, J. S. Gwinn, secretary, MBA; D. E. Hersee, president, MBA; Dr. Cadman; Dr. C. S. Ell, and Dean A. S. Knowles, of Northeastern University. . . . NEW JERSEY SCHOOL SAVINGS FORUM, Newark, below, right, left to right, Andrew Spencer, Hudson County National Bank, Jersey City; H. R. Cornish, Paterson school principal; J. A. Sweeney, secretary, Paterson Savings Institution; P. M. Canada, deputy administrator, N. J. Defense Savings Staff; J. R. Dunkerley, assistant secretary, A.B.A. Savings Division; J. W. Swenson, Howard Savings Institution, Newark; Florence Dickson, secretary, Paterson Banks' School Thrift Association; and W. E. Reid, Bloomfield Savings Institution



A Wartime Trust Conference

TRUST service in these emergency times was the theme of the 23rd mid-winter trust conference of the American Bankers Association, held in New York last month. Nearly 1,000 trust men from 38 states attended.

Richard G. Stockton, Trust Division president, and vice-president and senior trust officer, Wachovia Bank and Trust Company, Winston-Salem, North Carolina, in his address opening the conference said that the "outstanding means of assuring protection and greatest efficiency of capital during these times is strict adherence to sound, fundamental principles of investment."



HARRIS AND EWING PHOTOS

Above, Mr. Stockton is the speaker. With him are Dr. Paul F. Cadman (seated, left), A.B.A. economist, and Edwin M. Otterbourg, chairman of the American Bar Association's committee on unauthorized practice of the law



Above, opening session, left to right, Merle E. Selegman, secretary of the Trust Division, deputy manager of the A.B.A.; H. W. Koenke, president of the Security Bank of Ponca City, Oklahoma, and president of the A.B.A.; and Walter P. Armstrong, president of the American Bar Association



Above, left to right, Dr. William A. Irwin, educational director, American Institute of Banking Section, A.B.A.; Gilbert T. Stephenson, director Trust Research, The Graduate School of Banking; Robert U. Frey, assistant treasurer and Frank E. Holland trust officer, both of the Pennsylvania Company of Philadelphia

Beck

Newell

Donovan

White

Stonier

Hanes

Delano

Ampe





Participants in a question box on trust problems were, above, left to right, M. A. Shattuck, Boston; H. A. Theis, vice-president Guaranty Trust Company, New York City; J. C. Shelor, senior trust officer, Trust Company of Georgia, Atlanta; F. A. Carroll (presiding), vice-president and trust officer, The National Shawmut Bank of Boston; D. C. Miller, vice-president, Harris Trust and Savings Bank, Chicago; E. H. McDermott, Chicago; Montfort Jones, professor of finance, University of Pittsburgh



A customer relations for trust institutions panel was given by the group shown in the photograph above: left to right, R. M. Eastman, vice-president, State Street Trust Company, Boston; Towner Phelan, vice-president, St. Louis Union Trust Company, St. Louis; William Powers, director, Customer Relations, A.B.A.; C. R. Smith, assistant vice-president, Central Hanover Bank and Trust Company, New York City and H. H. Page, second vice-president The Northern Trust Company, Chicago

BECAUSE of the war, the annual Trust Division banquet was omitted this year. Instead, the New York Clearing House Association was host at a luncheon which concluded the conference. Former Governor Hoey of North Carolina was the speaker. The long picture below showing the guests of honor is composed of three separate photographs.

Campbell Stockton Hoey Koeneke Gidney Wiggins Headley Augustine Benson



War Poses New Problems for Bankers . . .



"It is apparent that we have our work cut out for us for the next few years. Here are a few suggestions—the F.A.A. could establish and publicize a standard or code for loyal Americans; our association could establish and publicize a recognition of responsibility for the banks; we must be alert to opportunities; we must advertise, and we must carry on every public relations program . . ."—VICTOR CULLIN, president, Financial Advertisers Association, speaking before the NYFA group. *Left to right*, E. Bird Wilson; L. F. Gordon of Atlanta; Harford Powel, director of information, Treasury Savings staff, who also spoke; Merrill Anderson, newly elected NYFA president; Mr. Cullin; P. E. Reed, FAA executive vice-president; and Dudley Parsons, retiring NYFA president

"How to Get More Credit Loans" was the subject of a panel at the Farm Credit School conducted by the South Dakota Bankers Association at State College, Brookings. In the picture below, *left to right*, are L. H. Loken, H. B. Lokald, Tom Harkison, panel leader, W. H. Frei, and J. R. McClenahan. The conference lasted two days and was geared to the theme "Meeting the Credit Needs of Farmers and Ranchers"

"I want to see our American way of life not only preserved during my life but also passed on to future generations of Americans . . ." —Dr. W. A. IRWIN, educational director, A.I.B., *below, right*, on the "I Am An American" broadcast



HARRIS & EMMING

The Senior Bank Employees Seminar held by Salt Lake City Chapter, American Institute of Banking, was attended by 122 bank officers and senior employees of banks, reports R. S. Hayes, secretary-treasurer of the chapter. *Below*, some of the Salt Lake City bankers who attended the seminar

"Win the war and win the peace."—A. L. M. WIGGINS, second vice-president of the A.B.A., before the George Bankers Association in Atlanta



LANE

... And Bankers Are Seeking the Answers ...

"Our personnel meetings were highly successful. We approached the personnel problem in an orderly, practical way, progressing from policy to operations, to the bank workers affected, by having a meeting first of senior bank officers, then for junior officers, personnel men and department heads, and finally an open meeting for all bank workers."—E. F. GEE, president Richmond (Va.) Chapter, A.I.B. Meeting of senior officers, right. Left to right, standing, F. B. Williams, chapter vice-president; Mr. Gee; William Powers, A.B.A. Customer Relations director, and J. E. Drew, A.B.A. Public Relations Council secretary, guest speakers; H. F. Taylor, chairman, Forum and Seminar Committee; and M. L. Presson, cashier, Central National Bank



"By the very nature of the trusteeship of other people's property it is mandatory that banks be thoroughly protected against the hazards pertaining to their business . . ."—JAMES E. BAUM, secretary of the Insurance and Protective Committee, American Bankers Association, facing the camera, left, before New Orleans Chapter, A.I.B.

"Hoarding via the tin box is not only to be discouraged but branded as downright unpatriotic. This is an emergency—let us accept it as such and . . . bring it to a complete and satisfactory conclusion . . ."—WALTER B. FRENCH, manager, A.B.A. Consumer Credit Department, before the Providence Chapter, A.I.B. Left to right, Chapter President W. B. Scott, Mr. French, and Lincoln Barber, president, R. I. Bankers Association



E. W. NEWMAN

"The Executive Council of the American Institute of Banking is deeply conscious of the problems facing the country . . . the Institute is prepared to meet the challenge . . . and to carry on its program of advanced banking education . . ."—FROM RESOLUTION passed by Executive Council in Evansville, Indiana, which pledged loyalty and devotion to the American way of life. Left, Executive Council luncheon in Evansville



Food for Freedom

A. G. BROWN

MR. BROWN is deputy manager of the American Bankers Association, in charge of the Agricultural Credit Department.

AMERICAN agriculture is being mobilized for the greatest productive effort in its history. In 1941 and again this year the call has gone out for more and yet more food production, and for enlarged output of other agricultural commodities. Food-for-Freedom is the object of this drive for greater agricultural production.

"The new 1942 goals, revised in view of Pearl Harbor," Secretary of Agriculture, Claude R. Wickard, has stated, "call for putting every acre of land, every hour of labor, and every bit of farm machinery, fertilizer, and other supplies to the use which will best serve the nation's wartime needs."

Agriculture will look to the more than 10,000 country banks of America for financial assistance and practical guidance in meeting this challenge and fulfilling this demand. Farmers and country bankers have worked together since pioneer days to develop this country's agriculture and they will work together to defeat all threats of the nation's security.

When the call came for planes, tanks, ships, and guns, the American Bankers Association gave the banks a guide for speeding the financing of war production, in Special Bulletin Number 82 of the Bank Management Commission:

When the United States Treasury announced its Defense Savings Bond campaign, again the Association provided the information, interpretation, and stimulation for banks of America in its Bank Management Commission Bulletin Number 83. This assisted them to wheel into immediate action and establish an already

proud record of patriotic service—service performed without compensation and remuneration.

And now the call for food. And again the American Bankers Association seeks to make available the facts, the needs, the goals, and the methods necessary to the success of this vital productive effort on the new American front, in a manual entitled "How Banks Can Assist in the Food-for-Freedom Program."

This bulletin has been prepared by country bankers whose vision and understanding of the responsibility to their farmer-customers is expressed in such a manner as to challenge the interest of every banker in America, whether city or country.

C. W. BAILEY, president of the First National Bank, Clarksville, Tennessee, is the chairman of the committee responsible for this bulletin. Because they don't live so far away, Charles T. O'Neill, vice-president of the National Bank and Trust Company, Charlottesville, Virginia; William J. Kinnamon, cashier of the Hunterdon County National Bank, Flemington, New Jersey; and Nicholas A. Jamba, manager of the Agricultural department, National Bank and Trust Company, Norwich, New York, were drafted to do the "spade work." Associated with them were Dr. Van B. Hart of the Farm Management Department, New York State College of Agriculture, Cornell University, and Fred L. Garlock, senior economist, Division of Agricultural Finance, Bureau of Agricultural Economics, U. S. Department of Agriculture, Washington, D. C.

In addition, the following have served with Mr. Bailey in going over the manuscript and determining just what should be included in the booklet: Elford H. Morison of Wilton, Maine; Kenneth J. McDonald of Estherville, Iowa; W. W. Campbell of Forrest City, Arkansas; and Otis A. Thompson of Norwich, New York, who is chairman of the Agricultural Commission.

The bulletin recognizes the serious situation which confronts the nation and points out the exceptional opportunity that the Food-for-Freedom program provides for country banks to demonstrate the superior quality of service they can render to agriculture and the active role they can play on the home front in helping to win the war.

AN insight into "why" the responsibility of financing agriculture in the Food-for-Freedom program rests on country bankers is best expressed in some excerpts from the booklet itself:

"The drive to increase agricultural production is as definitely a part of our country's war program as is the drive to increase production of planes, ships and tanks, or the calling of more men to the colors. It is a patriotic duty of all farmers and all institutions that finance farmers, to further this program in every possible way.

Food-for-Freedom Committeemen at a recent meeting in New York. Seated, left to right, Messrs. Morison, Kinnamon, Brown, A.B.A. Executive Manager Stonier, Bailey. Standing, left to right, Messrs. O'Neill, Thompson, Hart, Campbell, and McDonald



K. W. MCLAREN

"Although not the only source of production credit for farmers, banks are, in most areas, the most important source. The nation will expect country banks to inform themselves thoroughly about this program, to finance it as far as their responsibility to depositors will permit, and to help arrange for financing which they themselves cannot undertake."

Among the first things a bank can do to help provide the agricultural credit needed to meet the production goals of the community are these:

"Name an officer in your bank to take charge of all matters that pertain to agriculture and agricultural defense financing.

"Assume leadership in organizing the community's financial resources to provide the credit needed for attaining production goals.

"Cooperate with other agencies and organizations to insure that every farmer and agricultural worker is fully informed of the part your bank is willing to take in the Food-for-Freedom program.

"Weigh carefully every need for agricultural credit that comes to your bank. Try to make the loan, but if you can't, steer it to other credit agencies for their consideration.

EXPLORE every available agricultural resource in your county and encourage and assist in developing it to its fullest producing capacity for war needs.

The Food-for-Freedom program "places special emphasis on obtaining increased production through better care and more intensive use of our present farm resources and definitely discourages unsound expansion. The cooperation of banks and other credit agencies with farmers on this program will help to minimize abnormal demands for farm land, livestock and equipment, and in general will discourage excessive inflation in farm values."

This chart, used in the Food-for-Freedom bulletin, is from the Bureau of Agricultural Economics, U. S. Department of Agriculture. It is accompanied by this explanation:

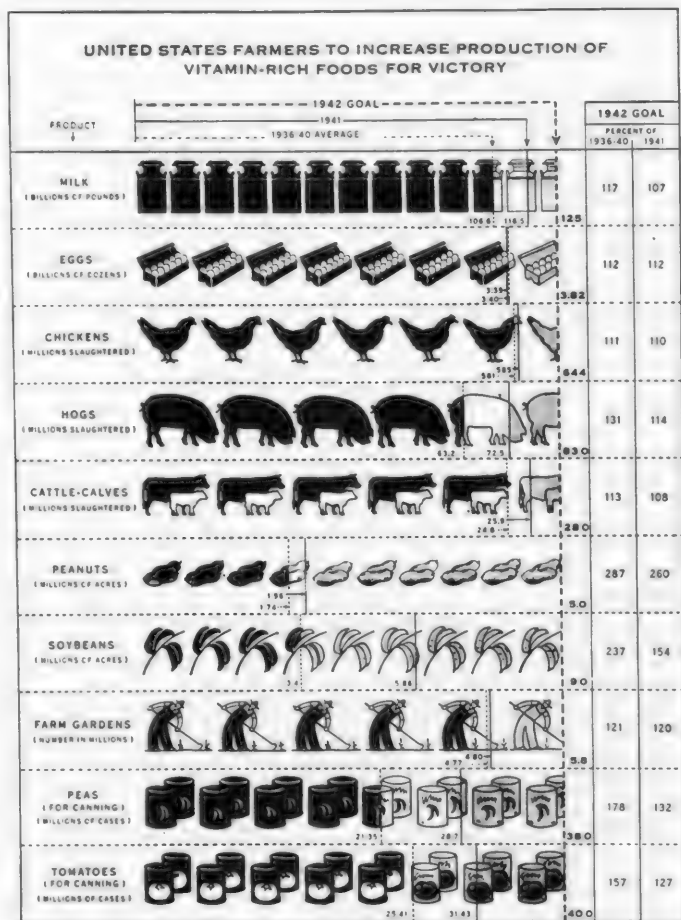
"Increase in peanut acreage to meet goal is for oil. Canning vegetables, other than peas and tomatoes, same as in 1941. Fruit production same as 1941. Better distribution as between fresh, dried, and canned is desired.

"Stippled area indicates the amount 1942 goals exceed 1941 production."

The production goals are set up in tables, and, in addition to the increased percentage set out for each product, the announced price supports are also given. Historical charts and tables reveal the trends in agriculture during World War I and World War II and provide just the understanding of the agricultural credit situation that should be had to direct a Food-for-Freedom program in any county in an intelligent manner.

Speaking of the cost and the work to support "Food-for-Freedom" in the bank's community, the bulletin says "it certainly will involve a great deal of work—hard intelligent work—and probably will involve additional costs. But these contributions will be more than fully repaid if banks can help their communities to deliver on schedule their share of the products needed to win the war and, at the same time, help to maintain their customers and their communities in a solvent condition."

The program suggested is intended to help banks render maximum service in this time of peril. Economic as well as military dangers confront us; therefore the procedures recommended are designed not only to facilitate maximum production of the agricultural products needed for war, but also to avoid as many as possible of the economic pitfalls that abound in a period of war finance.





A.B.A. Holds Wartime Credits Clinic in New York

A.I.B. Pushes Its Bond Campaign

70,000 Mobilizing in Defense Drive

Efforts to complete the mobilization of the 70,000 members of the American Institute of Banking in the Government's Defense Savings Bond campaign were in progress during February.

The national campaign by the Institute is the culmination of intensive preparations for launching the drive among more than 400 local chapters and study groups.

Educational Aspects Stressed

Special emphasis was placed on the public education aspects of the drive. Meetings held by the local chapters and study groups stressed the objectives of the Government's campaign, in order that the Institute's members might be adequately prepared to tell the public of the need for widespread participation in the purchase of the bonds and stamps.

The organizational material perfected by the Institute calls principally for selection of speakers qualified to discuss national defense and the bond campaign, arrangements for meetings to be held at which the facts of the campaign and detailed information concerning the bonds and their purchase will be presented, the organization of discussion panels, and follow-up meetings to drive home the information and promotional procedure discussed at the various group meetings.

Clinic Area

The New York credits clinic area embraced Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Maryland, Delaware, and the District of Columbia. All banks in the territory were invited.

War Housing Is Theme of Clinic March Meeting In New York City

Bankers interested in real estate finance will gather in New York City, March 26 and 27, for a clinic on war housing, conducted under auspices of the Savings Division, American Bankers Association, with the cooperation of Dr. Ernest M. Fisher, A.B.A. director of research in mortgage and real estate finance.

The territory served by this conference, which is part of the Association's war problems series, embraces the northeastern states. Several hundred bankers are expected for the meetings at the Waldorf-Astoria.

The program has been constructed along the lines of similar clinics in the East, Middle West and Far West. Practical questions are discussed informally by the bankers themselves.

Subjects on the agenda include problems related to war housing construction; the vol-

(Continued on page 98)

Eastern Bankers Gather for Big Three-Day "Action" Conference on Farm, Consumer, Commercial Loans

The American Bankers Association's bank credits clinic held in New York, March 4-6, brought to the fore important wartime problems confronting banking institutions in the United States.

The program for the streamlined, "action" clinic at the Waldorf-Astoria was arranged to give prominence to three general divisions of credit: agricultural, consumer and commercial. It was planned to allow maximum informality of discussion among the bankers attending from 11 eastern states and the District of Columbia, and to provide addresses by leaders in war production agencies, banking, business and industry.

Prominent Men On Clinic's Program

Prominent speakers on the program for the New York bank credits clinic include:

Charles B. Henderson, RFC chairman; Ronald Ransom, vice-chairman of the Board of Governors of the Federal Reserve System; Dr. Marcus Nadler, assistant director, Institute of International Finance, New York University; Dr. W. Randolph Burgess, vice-chairman of the board, National City Bank of New York; Abner H. Ferguson, FHA administrator; and A. L. M. Wiggins, second vice-president of the A.B.A., and president, Bank of Hartsville, S. C.

A feature of the clinic will be the economics panel which has proved so popular in the past few years at the regional conferences of the Association. The participants in this panel on the evening of March 5 are Dr. William A. Irwin, national educational director, American Institute of Banking; Willard E. Atkins, chairman of the department of economics, New York University; A. Anton Friedrich, director, division of unified studies, New York University; and Montfort Jones, professor of finance, University of Pittsburgh.

Chicago Clinic Coming

It is expected that the program for the coming clinic at Chicago, set for April 15-17, will be of a similar nature.

"The problems in the credit field that have arisen this year because of America's entry into the war," said President Henry W. Koeneke, "demand a 'shirt-sleeve' working credits conference for banks at which more intensive and detailed consideration can be given than limited time has allowed during the previous annual regional conferences."

The three-day program included general sessions for the mornings and small, informal discussion group meetings in the afternoons.

Two evening meetings were also arranged.

The first day's program was devoted largely to consideration of agricultural credit and farm loans in the war emergency, including discussion of

(Continued on page 95)

Some of the New York Program Speakers



Norman J. Wall
Washington, D. C.



Ralph D. Withington
Philadelphia



C. E. Cochran
Boston, Mass.



T. Allen Glenn, Jr.
Norristown, Pa.



J. C. Wilson
Perth Amboy, N. J.



George A. White
Worcester, Mass.



Joseph J. Corcoran
Buffalo, N. Y.



Harry C. Culshaw
Philadelphia

New York

Credits Clinic

(Continued from page 94)

the "Food-for-Freedom" program, the needs and problems of farm credits arising from the program, the financing of farm equipment purchases, and post-war agricultural lending.

The second day program featured consumer credit problems arising from the emergency, among them being the Soldiers' and Sailors' Civil Relief Act, FHA Title I loans, the Federal Reserve Board's Regulation W, consumer lending in wartime, the durable goods problem, and renewable accounts financing.

The program for the third day provided intensive consideration of commercial credit with representatives of manufacturing, business, and government war production supervisory agencies speaking at the morning session and the afternoon meetings centering on both general credits and defense financing.



Frank N. Gans
Weston, W. Va.



Dr. V. B. Hart
Ithaca, N. Y.



F. Raymond Peterson
Paterson, N. J.



H. N. Young
Blacksburg, Va.



Alfred G. Ruehle
Brooklyn, N. Y.



L. E. Barber
Providence, R. I.

A.B.A. Adds 68 Banks in January; New Member Total 387 in 5 Months

The Membership Committee of the American Bankers Association got 68 new members in January, bringing to 387 the total obtained during the first five months of the association year.

This exceeded the record for any similar period in the last five years.

Among the state vice-presidents, Thomas H. Riley, Jr., treasurer of the Brunswick Savings Institution, had the best January mark, 17 new members, which brought his total for the period to 36 and reduced Maine's non-member list by 90 per cent.

With the addition in January of eight new members in Georgia, where H. G. Hutchinson, vice-president, Commercial and Savings Bank, Griffin, is vice-president, the area of Membership Committeeman Alva G. Maxwell, vice-president, Citizens and Southern National Bank, Atlanta, leads in membership productivity with 66 during the five months.

Missouri's Mark

State vice-president Leo D. Kelly, vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis, and Committeeman R. L. Dominick, vice-president, Traders Gate City National Bank, Kansas City, Mo., are seeking enough new members to qualify an additional Missouri representative on the Association's Executive Council. By adding six to the membership during January, they were only five banks short of the goal.

The campaign in Illinois, where John H. Crocker, vice-president, Citizens National Bank, Decatur, is vice-president, and H. C. Hausman, Illinois Bankers Association secretary, is the committeeman in charge, produced six new members in the month.

A Good Record

"In a number of states," said W. Espey Albig, committee secretary, "the vice-presidents have been so successful in converting non-members into members that little work remains to be done. If the rec-

ord thus far during the year is to be brought to a triumphant finish as of August 31, then it is necessary for those states with many non-members to be thoroughly cultivated during the next four months. Organization should be directed to that end."

War Brings Cut in A.I.B. Convention; Study Stressed

Because of the burdens being placed on the banks of the country by the nation's war program, the annual convention of the American Institute of Banking to be held this year at New Orleans will be shortened by a day and a half.

This decision was made by the Executive Council of the Institute at its mid-winter meeting and announced by President George T. Newell. The dates are June 8-11.

The emphasis of the convention will be more than ever on the study side, Mr. Newell says. It is desired to give the delegates just as intensive and valuable a program as ever, but with the shortest possible absence from their desks.

There will be no sacrifice of the study conferences and business sessions that have characterized A.I.B. convention programs, Mr. Newell reports. In fact, these will be intensified. The changes will be made possible by curtailing the usual entertainment features. The first day customarily devoted to registration and sightseeing will be devoted to registration and conferences and the outing usually held on Wednesday will be omitted and conferences substituted for it.

The annual public speaking contest will be held the evening of June 8; the first general session, the next morning. The national debate will be held the evening of June 9, and the pre-election caucuses June 10.

The grand ball will follow the caucuses. The convention will close with a general session on June 11.

More Clinic Speakers

(Other pictures were received too late for publication)



John A. Luetkemeyer
Baltimore, Md.



Allen W. Lent
White Plains, N. Y.



John W. Raab
Hackettstown, N. J.



C. C. Henderson
Cortland, N. Y.



Nicholas A. Jamba
Norwich, N. Y.



Giles H. Miller, Jr.
Culpeper, Va.



Frank W. Anderson
Wilkes-Barre, Pa.



D. A. Reinbrecht
Waterbury, Conn.

184 New A.B.A. Members

Between Dec. 11, 1941, and Feb. 10, 1942, the American Bankers Association received 184 new members. Here are their names, by states:

ALABAMA

Abbeville..... Bank of Abbeville
Anderson..... Farmers Bank
Ashville..... Ashville Savings Bank
Lafayette..... Farmers & Merchants Bank

ARKANSAS

Kingston..... Bank of Kingston
Ozark..... Bank of Ozark
Pea Ridge..... Bank of Pea Ridge

DELAWARE

Rehoboth..... Rehoboth Trust Co.

FLORIDA

Jacksonville..... Southside Bank of Jacksonville

GEORGIA

Allentown..... Four-County Bank
Atlanta..... Bank of Atlanta
Barnesville..... First National Bank
Blakely..... Bank of Early
Concord..... Concord Banking Co.
Camilla..... Bank of Camilla
Dawson..... Bank of Terrell
Franklin..... Bank of Heard County
Hahira..... Citizens Bank
Homerville..... Empire Banking Co.
Luthersville..... Luthersville Banking Co.
Lyons..... Peoples Bank of Lyons
Marshallville..... Georgia Banking Co.
Monticello..... Farmers National Bank
Palmetto..... Farmers Bank
Pearson..... Citizens Exchange Bank
Pitts..... Pitts Banking Co.
Quitman..... Bank of Quitman
Royston..... Tri-County Bank
Rhine..... Williams Banking Co.
Seneca..... Farmers & Merchants Bank
Sharon..... Bank of Sharon
Vidalia..... Darby Banking Co.

ILLINOIS

Arlington Heights..... Arlington Heights National Bank
Bartlett..... Bartlett State Bank
Beecher City..... First State Bank
Brighton..... First National Bank
Carrollton..... Greene Co. National Bank
Grayslake..... First State Bank
Meredosia..... Farmers & Traders State Bank
Morrisonville..... State Bank of Morrisonville
Mt. Auburn..... First National Bank
Palmer..... Palmer State Bank
Skokie..... Niles Center State Bank
St. Jacob..... State Bank of St. Jacob
Wyanet..... First National Bank

INDIANA

Georgetown..... Georgetown State Bank

IOWA

Chelsea..... Chelsea Savings Bank
Conrad..... First State Bank
Oxford..... First Trust & Savings Bank
Schaller..... State Bank of Schaller

KANSAS

Otis..... Otis State Bank

KENTUCKY

Columbia..... First National Bank
Midway..... Commercial Bank

Owingsville..... Owingsville Banking Co.
Park City..... Park City State Bank
Sharpsburg..... Citizens Bank

MAINE

Auburn..... Auburn Savings Bank
Augusta..... Kennebec Savings Bank
Bar Harbor..... Bar Harbor Banking & Trust Co.
Bridgton..... Casco Bank & Trust Co., Br.
Buckfield..... Casco Bank & Trust Co., Br.
Bucksport..... Merrill Trust Co., Br.
Camden..... Knox County Trust Co., Br.
Cherryfield..... Union Trust Co., Br.
Eastport..... Eastport Savings Bank
Farmington..... Franklin County Savings Bank
Fryeburg..... Casco Bank & Trust Co., Br.
Gorham..... Gorham Savings Bank
Howland..... Casco Bank & Trust Co., Br.
Kezar Falls..... Kezar Falls National Bank
Lewiston..... Peoples Savings Bank
Limerick..... Casco Bank & Trust Co., Br.
Machias..... Machias Savings Bank
Northeast Harbor..... Bar Harbor Banking & Trust Co., Br.
Phillips..... Franklin County Savings Bank, Br.
Pittsfield..... First National Bank
Rockland..... Rockland Savings Bank
Sanford..... Sanford Institution for Savings
Searsport..... Merrill Trust Co., Br.
Skowhegan..... Skowhegan Savings Bank
South Paris..... Casco Bank & Trust Co., Br.

Southwest Harbor..... Bar Harbor Banking & Trust Co., Br.
Stonington..... Union Trust Co., Br.
Union..... Knox County Trust Co., Br.
Unity..... Federal Trust Co., Br.
Vinalhaven..... Knox County Trust Co., Br.
Westbrook..... Westbrook Trust Co.
West Buxton..... Casco Bank & Trust Co., Br.

MARYLAND

Federalburg..... County Trust Co. of Maryland, Br.

MASSACHUSETTS

Woburn..... Woburn Five Cents Savings Bank

MICHIGAN

Keego Harbor..... Oakland County State Bank, Br.

MINNESOTA

Hugo..... First State Bank
Ormsby..... Farmers State Bank
Sleepy Eye..... State Bank of Sleepy Eye

MISSISSIPPI

Houston..... Houston State Bank
Lake..... Bank of Lake
Lula..... Bank of Lula
Oakland..... Bank of Oakland
Scooba..... Merchants & Farmers Bank

MISSOURI

Amsterdam..... Citizens Bank
Blairtown..... Farmers Bank
Bloomsdale..... Bank of Bloomsdale
Bloomfield..... Bank of Bloomfield
Deepwater..... Farmers Bank
Dixon..... State Bank of Dixon
Emden..... Farmers Bank
Ft. Leonard Wood..... Bank of Ft. Leonard Wood
Gainesville..... Bank of Gainesville
Grandin..... Bank of Grandin
Hammond..... Bank of Hammond
Hermann..... Hermann Bank
Higbee..... Higbee Savings Bank
Jamestown..... Peoples Bank of Jamestown
Laredo..... Citizens Bank
Lohman..... Farmers Bank
Madison..... Madison Bank
Middletown..... Bank of Middletown
Raymondville..... Bank of Raymondville
Raytown..... Raytown Bank
Tuscumbia..... Bank of Tuscumbia

MONTANA

Fairview..... Fairview Bank

NEBRASKA

Bartlett..... Bartlett State Bank
Chambers..... Chambers State Bank
Clearwater..... Citizens State Bank
Davey..... Farmers State Bank
Elba..... Elba State Bank
Ewing..... Farmers State Bank
Louisville..... Home State Bank
Weeping Water..... Nebraska State Bank

NEVADA

Boulder City..... Bank of Nevada, Br.
Las Vegas..... Bank of Nevada

NEW HAMPSHIRE

Keene..... Keene Savings Bank

NEW YORK

Chestertown..... Chester-Schroon-Horicon State Bank

NORTH CAROLINA

Concord..... Concord National Bank
Conway..... Bank of Conway
Lucama..... Lucama-Kenly Bank
Pilot Mountain..... Bank of Pilot Mountain
Rich Square..... Bank of Rich Square
Tarboro..... Edgemore Bank & Trust Co.
Wilson..... Wilson Industrial Bank
Winterville..... Bank of Winterville

NORTH DAKOTA

Denhoff..... First State Bank
Harwood..... Harwood State Bank

OHIO

Batavia..... First National Bank
Cleves..... Cleves National Bank
Englewood..... Farmers State Bank
New Lebanon..... The Farmers Bank
Sardinia..... First National Bank
Stone Creek..... Exchange State Bank

PENNSYLVANIA

Akron..... Akron National Bank
Avis..... State Bank of Avis
Enola..... Peoples Bank
Jeannette..... First Jeannette Bank & Trust Co.
Mont Alto..... Mont Alto State Bank

SOUTH CAROLINA

Chesterfield..... Bank of Chesterfield

SOUTH DAKOTA

Edgemont..... Southern Hills Bank
Hartford..... Community Bank
Iroquois..... Farmers & Merchants State Bank
Springfield..... Springfield State Bank

TENNESSEE

Belfast..... Bank of Belfast
Bumpus Mills..... Farmers & Merchants Bank
Dunlap..... Sequatchie County Bank
Finger..... Home Banking Company
Granville..... Jackson County Bank, Br.
Middleton..... Bank of Middleton
Niota..... Bank of Niota
Norene..... Peoples Bank
Orlinda..... Bank of Orlinda
Rossville..... Rossville Savings Bank
Tellico Plains..... Citizens Bank & Trust Co.
Whitleyville..... Jackson County Bank, Br.
Woodbury..... Bank of Commerce

TEXAS

Bells..... First National Bank
Burton..... Burton State Bank
Chapel Hill..... Farmers State Bank
Leander..... First State Bank
Lipan..... First National Bank
Morton..... First State Bank
Palacios..... City State Bank
Smiley..... Smiley State Bank

WEST VIRGINIA

Follansbee..... Bank of Follansbee

WASHINGTON

Yacolt..... First State Bank

WISCONSIN

Mazomanie..... Peoples State Bank
Suring..... Suring State Bank



Alva G. Maxwell

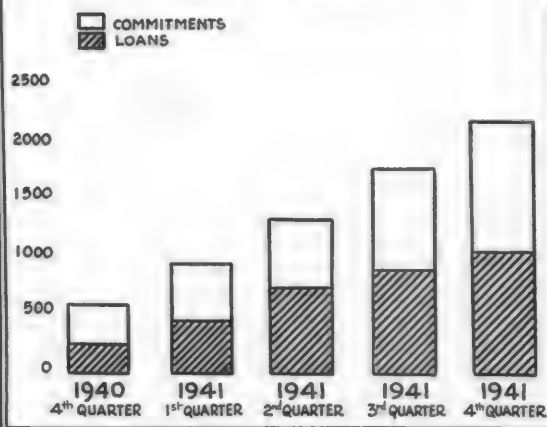
Mr. Maxwell, Membership Committeeman and vice-president, Citizens & Southern National Bank, Atlanta, and State Vice-President Riley, treasurer, Brunswick (Me.) Savings Institution, have been active in getting new A.B.A. members

Thomas H. Riley, Jr.



LOANS AND COMMITMENTS FOR NATIONAL DEFENSE

IN MILLIONS OF DOLLARS OUTSTANDING
AT END OF EACH QUARTER



This chart, based on figures compiled by the A.B.A. Bank Management Commission, reflects the rise in defense lending. Total commitments, as reported by 391 banks in 152 cities, were \$2,229,289,460 on Dec. 31, of which \$1,079,884,680 was actually outstanding. In the last quarter total commitments by reporting banks rose \$464,000,000 and loans nearly \$207,000,000

Course for New Staff Members Is Suggested

May F. McCusker, chairman of the National Women's Committee of the American Institute of Banking, has called upon the women's committee chairmen of the 246 active chapters to urge their local governing boards to consider sponsoring a course in bank organization and operation for new employees. She said:

"Because of the rapid turnover in personnel, many banks will welcome an opportunity to have their employees enroll in a class in bank organization and operation, thereby cutting down the training period of these employees."

Miss McCusker pointed out that even though some chapters might not normally offer second semester classes, in view of the emergency it is possible to make exceptions.

It would be necessary, she

War Housing Is Theme of Clinic

(Continued from page 94)

ume of savings and mortgage lending policy during the emergency period; mortgage portfolio policy during the emergency; and rent control. One session, devoted to the last named subject, will consider objectives of the rent control features of the Price Control Act; rent control administration; probable effects of control on "other real estate" problems, on the volume of building and on the mortgage market during the war.

Questions bearing directly on war housing include: determining the need for construction; allocation of quotas by the Division of Defense Housing Coordination; the role of banks in financing war housing; and the post-war period.

said, for the full 42 hours of study required to be completed before June of this year.

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

- Mar. 4-6 Bank Credits Clinic, The Waldorf-Astoria, New York City
- Mar. 26-27 Real Estate and Mortgage Clinic, The Waldorf-Astoria, New York City
- Apr. 15-17 Bank Credits Clinic, Chicago, Illinois
- Apr. 19-22 Spring Meeting of the Executive Council, The Homestead, Hot Springs, Virginia
- June 8-11 American Institute of Banking, New Orleans, Louisiana
- June 15-27 The Graduate School of Banking, Rutgers University, New Brunswick, New Jersey
- Sept. 27-Oct. 1 Annual Convention, Book-Cadillac Hotel, Detroit

State Associations

- Apr. 10-11 Florida, San Carlos Hotel, Pensacola
- Apr. 27-28 Louisiana, Edgewater Gulf Hotel, Edgewater Park, Mississippi
- May 4-6 Arkansas, Arlington Hotel, Hot Springs
- May 7-8 Maryland, The Traymore Hotel, Atlantic City, New Jersey
- May 7-8 Oklahoma, Tulsa
- May 8-9 North Carolina, The Carolina Hotel, Pinehurst
- May 11-13 Mississippi, Hotel Buena Vista, Biloxi
- May 11-13 Missouri (place not decided)
- May 13-14 Indiana, Claypool Hotel, Indianapolis
- May 13-15 Kansas (place not decided)
- May 14-15 Alabama, Jefferson Davis Hotel, Montgomery
- May 14-16 New Jersey, Traymore Hotel, Atlantic City
- May 18-20 California, Hotel Del Monte, Del Monte
- May 19-20 Tennessee, Knoxville
- May 20-21 Ohio, Hotel Statler, Cleveland
- May 20-22 Illinois, St. Louis, Missouri
- May 20-22 Pennsylvania, Traymore Hotel, Atlantic City, New Jersey
- May 21-23 Massachusetts, New Ocean House, Swampscott
- May 22-23 New Mexico, La Fonda Hotel, Taos
- May 24-26 New York State, Hotel Astor, New York City
- May 26-28 Texas, Gunter Hotel, San Antonio
- June 3-5 South Dakota, Cataract Hotel, Sioux Falls
- June 5-6 Idaho, Sun Valley
- June 8-9 Oregon, Hotel Baker, Baker
- June 11-12 Washington, Davenport Hotel, Spokane
- June 12 West Virginia, Daniel Boone Hotel, Charleston
- June 12-13 North Dakota, Dickinson

- June 12-13 Utah, Bryce Canyon
- June 16-18 Wisconsin, Hotel Schroeder, Milwaukee
- June 18-20 Montana, Yellowstone National Park
- June 25-27 Virginia, The Homestead, Hot Springs
- June 26-28 Maine, Poland Spring House, Poland Spring
- July 8-10 Minnesota, Hotel Duluth, Duluth

Other Organizations

- Mar. 16-17 Central States Conference, Chicago, Illinois
- Apr. 2-3 Maine Bankers Study Conference, Bowdoin College, Brunswick
- Apr. 7 Wisconsin Banking Conference, University of Wisconsin, Madison
- Apr. 7-8 Indiana Bankers Farm Clinic, Purdue University, LaFayette
- Apr. 20-22 American Industrial Bankers Association, Edgewater Beach Hotel, Chicago, Illinois
- Apr. 23-25 Eastern Regional Conference, National Association of Bank Auditors and Comptrollers, Hotel Warwick, Philadelphia, Pennsylvania
- Apr. 25 Association of Reserve City Bankers, The Greenbrier, White Sulphur Springs, West Virginia
- Apr. 27-30 U. S. Chamber of Commerce, Washington, D. C.
- May 6-8 National Association of Mutual Savings Banks, The Waldorf-Astoria, New York City
- May 8-9 North and South Carolina Bankers Conference, Chapel Hill, North Carolina
- May 21-23 Mid-Continent Regional Conference, National Association of Bank Auditors and Comptrollers, President Hotel, Kansas City, Missouri
- May 21-23 National Safe Deposit Association, Minneapolis, Minnesota
- May 27 New Jersey Savings Banks Association, Montclair Golf Club, Verona
- May 29-30 Arkansas Junior Bankers, Fort Smith
- June 5-6 New Hampshire Bank Management Conference, Amos Tuck School, Dartmouth College, Hanover
- Sept. 10-12 Savings Banks Association of Maine, Mount Washington House, Bretton Woods, New Hampshire
- Sept. 17-19 Savings Banks Association of Massachusetts, New Ocean House, Swampscott
- Sept. 23-25 Savings Banks Association of State of New York, The Waldorf-Astoria, New York City
- Oct. 7-10 National Association of Bank Auditors and Comptrollers, Hotel Roosevelt, New York City
- Oct. 19-21 Financial Advertisers Association, Chicago, Illinois

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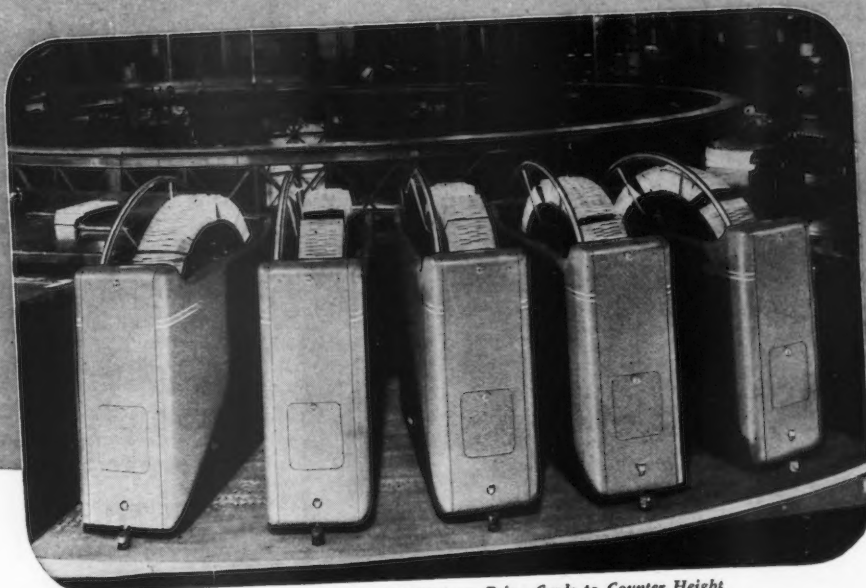
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Buffalo • Boston • Philadelphia • Kansas City, Mo • St. Louis • New Orleans • Charlotte, N.C • Jacksonville, Fla.
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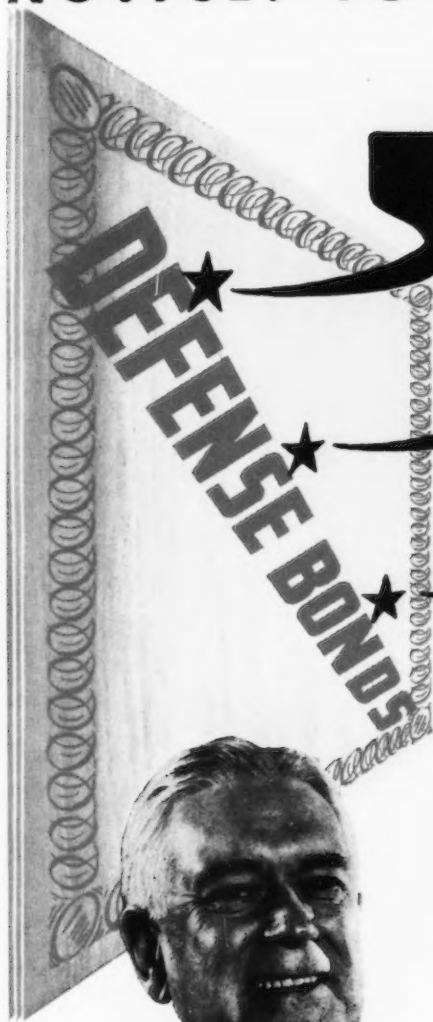
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CHESTS, BANK VAULTS.
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Sell more Bonds



THROUGH

Victory club
P A R T I C I P L A N

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Releases, and, if you wish, identifying Lapel Buttons at small extra cost.

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